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GOVERNMENT AND ADMINISTRATION

Government Ministers

APPOINTMENTS

The Prime Minister, Mr James Callaghan, announced his second list of ministerial appointments on 14 April. (Eleven senior appointments were made earlier in the month – see pp 141-2.) The changes are as follows, with previous ministerial posts noted in brackets:

Minister of State, Home Office
Mr Brynmor John, MP (Parliamentary Under-Secretary of State [Royal Air Force] Ministry of Defence)

Minister of State, Foreign and Commonwealth Office
Mr Edward Rowlands, MP (Parliamentary Under-Secretary of State, Foreign and Commonwealth Office)

Minister of State, Department of Prices and Consumer Protection
Mr John Fraser, MP (Parliamentary Under-Secretary of State, Department of Employment)

Minister of State, Department of Energy
Dr J. Dickson Mabon, MP

Minister of State, Department of Industry
Mr Alan Williams, MP (Minister of State, Department of Prices and Consumer Protection)

Minister of State, Scottish Office
Mr Gregor MacKenzie, MP (Minister of State, Department of Industry)

Minister of State, Northern Ireland Office
Mr John Concannon, MP (Parliamentary Under-Secretary of State, Northern Ireland Office)

Minister of State, Department of Employment
Mr Harold Walker, MP (Parliamentary Under-Secretary of State, Department of Employment)

Minister of State, Department of Education and Science (with responsibility for the arts)
Lord Donaldson of Kingsbridge (Parliamentary Under-Secretary of State, Northern Ireland Office)

Parliamentary Under-Secretary of State, Foreign and Commonwealth Office
Mr Evan Luard, MP

Parliamentary Under-Secretary of State, Department of Energy
Mr Gordon Oakes, MP (Parliamentary Under-Secretary of State, Department of the Environment)

Parliamentary Under-Secretary of State, Department of Industry
Mr Leslie Huckfield, MP

Parliamentary Under-Secretary of State, Department of the Environment
Mr Guy Barnett, MP

Parliamentary Under-Secretaries of State, Ministry of Defence
(*Royal Navy*)
Mr Patrick Duffy, MP
(*Royal Air Force*)
Mr James Wellbeloved, MP

Parliamentary Under-Secretaries of State, Northern Ireland Office
Mr James Dunn, MP (Lord Commissioner of the Treasury)
Mr Raymond Carter, MP

Parliamentary Under-Secretaries of State, Department of Employment
Mr John Golding, MP
Mr John Grant, MP (Parliamentary Secretary, Ministry of Overseas Development)

Parliamentary Under-Secretary of State, Department of Trade
Mr Michael Meacher, MP (Parliamentary Under-Secretary of State, Department of Health and Social Security)

Parliamentary Under-Secretary of State, Department of Health and Social Security
Mr Eric Deakins, MP (Parliamentary Under-Secretary of State, Department of Trade)

Parliamentary Secretary, Ministry of Overseas Development
Mr Frank Judd, MP (Parliamentary Under-Secretary of State [Royal Navy] Ministry of Defence)

Lords Commissioners of the Treasury (Government Whips)
Mr David Stoddart, MP (Assistant Government Whip)
Mr Edward Graham, MP

Assistant Government Whip
Mr Frank White, MP

Mr Neil Carmichael, MP (formerly Parliamentary Under-Secretary of State at the Department of Industry), Mr Hugh Jenkins, MP (formerly Parliamentary Under-Secretary of State at the Department of Education and Science, with responsibility for the arts) and Mr Alexander Lyon, MP (formerly Minister of State at the Home Office) have resigned from the Government. (Five other resignations were announced earlier, see p 142.)

Other ministers who held office in Mr Wilson's administration retain their posts.

LIST OF MINISTERS

The full list of Government ministers is as follows:

THE CABINET

Prime Minister, First Lord of the Treasury and Minister for the Civil Service
Rt Hon James Callaghan, MP

Lord President of the Council and Leader of the House of Commons
Rt Hon Michael Foot, MP

Lord Chancellor
Rt Hon The Lord Elwyn-Jones

Secretary of State for the Home Department
Rt Hon Roy Jenkins, MP

Chancellor of the Exchequer
Rt Hon Denis Healey, MBE, MP

Secretary of State for Foreign and Commonwealth Affairs
Rt Hon Anthony Crosland, MP

Secretary of State for Prices and Consumer Protection and Paymaster General
Rt Hon Shirley Williams, MP

Secretary of State for Energy
Rt Hon Anthony Wedgwood Benn, MP

Secretary of State for Industry
Rt Hon Eric Varley, MP

Secretary of State for the Environment
Rt Hon Peter Shore, MP

Secretary of State for Defence
Rt Hon Roy Mason, MP

Secretary of State for Scotland
Rt Hon Bruce Millan, MP

Secretary of State for Wales
Rt Hon John Morris, QC, MP

Secretary of State for Northern Ireland
Rt Hon Merlyn Rees, MP

Minister of Agriculture, Fisheries and Food
Rt Hon Frederick Peart, MP

Secretary of State for Employment
Rt Hon Albert Booth, MP

Secretary of State for Trade
Rt Hon Edmund Dell, MP

Secretary of State for Social Services
Rt Hon David Ennals, MP

Chancellor of the Duchy of Lancaster
Rt Hon Harold Lever, MP

Lord Privy Seal and Leader of the House of Lords
Rt Hon The Lord Shepherd

Secretary of State for Education and Science
Rt Hon Frederick Mulley, MP

Minister for Overseas Development
Rt Hon Reginald Prentice, MP

Minister for Planning and Local Government
Rt Hon John Silkin, MP

DEPARTMENTAL MINISTERS

Ministry of Agriculture, Fisheries and Food

Minister
Rt Hon Frederick Peart, MP

Minister of State
Mr Edward Bishop, MP

Parliamentary Secretary
Dr Gavin Strang, MP

Civil Service Department

Minister
Rt Hon James Callaghan, MP

Lord Privy Seal
Rt Hon The Lord Shepherd

Minister of State
Mr Charles Morris, MP

Ministry of Defence

Secretary of State
Rt Hon Roy Mason, MP

Minister of State
Rt Hon William Rodgers, MP

Parliamentary Under-Secretaries of State
(*Royal Navy*)
Mr Patrick Duffy, MP

(*Army*)
Mr Robert Brown, MP

(*Royal Air Force*)
Mr James Wellbeloved, MP

Duchy of Lancaster

Chancellor
Rt Hon Harold Lever, MP

Department of Education and Science

Secretary of State
Rt Hon Frederick Mulley, MP

Ministers of State
Mr Gerald Fowler, MP

(*Arts*)
The Lord Donaldson of Kingsbridge, OBE

Parliamentary Under-Secretary of State
Miss Margaret Jackson, MP

Department of Employment

Secretary of State
Rt Hon Albert Booth, MP

Minister of State
Mr Harold Walker, MP

Parliamentary Under-Secretaries of State
Mr John Golding, MP
Mr John Grant, MP

Department of Energy
Secretary of State
Rt Hon Anthony Wedgwood Benn, MP

Minister of State
Dr J. Dickson Mabon, MP

Parliamentary Under-Secretaries of State
Mr Alexander Eadie, BEM, MP
Mr Gordon Oakes, MP

Department of the Environment
Secretary of State
Rt Hon Peter Shore, MP

Minister for Planning and Local Government
Rt Hon John Silkin, MP

Minister for Transport
Dr John Gilbert, MP

Minister for Housing and Construction
Mr Reginald Freeson, MP

Minister of State (Sport and Recreation)
Rt Hon Denis Howell, MP

Parliamentary Under-Secretaries of State
Mr Ernest Armstrong, MP
Mr Guy Barnett, MP
The Lady Birk
Mr Kenneth Marks, MP

Foreign and Commonwealth Office
Secretary of State
Rt Hon Anthony Crosland, MP

Ministers of State
Rt Hon Roy Hattersley, MP
Rt Hon The Lord Goronwy-Roberts
Mr Edward Rowlands, MP

(Overseas Development)
Rt Hon Reginald Prentice, MP

Parliamentary Under-Secretaries of State
Mr Evan Luard, MP
Mr John Tomlinson, MP

(Overseas Development)
Mr Frank Judd, MP

Department of Health and Social Security
Secretary of State for Social Services
Rt Hon David Ennals, MP

Ministers of State
Rt Hon Stanley Orme, MP
Dr David Owen, MP

Parliamentary Under-Secretaries of State
(Social Security)
Mr Eric Deakins, MP

(Disabled People)
Mr Alfred Morris, MP

Home Office
Secretary of State
Rt Hon Roy Jenkins, MP

Ministers of State
The Lord Harris of Greenwich
Mr Brynmor John, MP

Parliamentary Under-Secretary of State
Dr Shirley Summerskill, MP

Department of Industry
Secretary of State
Rt Hon Eric Varley, MP

Ministers of State
Mr Gerald Kaufman, MP
Mr Alan Williams, MP

Parliamentary Under-Secretaries of State
Mr Leslie Huckfield, MP
The Lord Melchett

Law Officers' Department
Attorney General
Rt Hon Samuel Silkin, QC, MP

Solicitor General
Mr Peter Archer, QC, MP

Parliamentary Secretary
Mr Arthur Davidson, MP

Lord Advocate's Department
Lord Advocate
Rt Hon Ronald King Murray, QC, MP

Solicitor-General for Scotland
Mr John McCluskey, QC

Lord Chancellor's Office
Lord Chancellor
Rt Hon The Lord Elwyn-Jones

Lord Privy Seal
Lord Privy Seal
Rt Hon The Lord Shepherd

Northern Ireland Office
Secretary of State
Rt Hon Merlyn Rees, MP

Ministers of State
Mr John Concannon, MP
Mr Roland Moyle, MP

Parliamentary Under-Secretaries of State
Mr Raymond Carter, MP
Mr James Dunn, MP

Ministry of Overseas Development[1]
Minister for Overseas Development
Rt Hon Reginald Prentice, MP

Parliamentary Secretary
Mr Frank Judd, MP

[1] Subject to the overall responsibility of the Secretary of State for Foreign and Commonwealth Affairs.

Paymaster General's Office
Paymaster General
Rt Hon Shirley Williams, MP

Department of Prices and Consumer Protection
Secretary of State
Rt Hon Shirley Williams, MP

Minister of State
Mr John Fraser, MP

Parliamentary Under-Secretary of State
Mr Robert Maclennan, MP

Privy Council Office
Lord President of the Council
Rt Hon Michael Foot, MP

Minister of State
Mr John Smith, MP

Parliamentary Secretary
Mr William Price, MP

Scottish Office
Secretary of State
Rt Hon Bruce Millan, MP

Ministers of State
The Lord Kirkhill
Mr Gregor MacKenzie, MP

Parliamentary Under-Secretaries of State
Mr Hugh Brown, MP
Mr Harry Ewing, MP
Mr Frank McElhone, MP

Department of Trade
Secretary of State
Rt Hon Edmund Dell, MP

Parliamentary Under-Secretaries of State
Mr Stanley Clinton Davis, MP
Mr Michael Meacher, MP

Treasury (see also 'Other Government Appointments')
First Lord
Rt Hon James Callaghan, MP

Chancellor of the Exchequer
Rt Hon Denis Healey, MBE, MP

Chief Secretary
Rt Hon Joel Barnett, MP

Parliamentary Secretary (*Government Chief Whip*)
Mr Michael Cocks, MP

Financial Secretary
Mr Robert Sheldon, MP

Minister of State
Mr Denzil Davies, MP

Welsh Office
Secretary of State
Rt Hon John Morris, QC, MP

Parliamentary Under-Secretaries of State
Mr Alec Jones, MP
Mr Barry Jones, MP

OTHER GOVERNMENT APPOINTMENTS
(Officers of the Queen's Household and Government Whips)

House of Commons
Treasurer of the Household
(*Deputy Chief Whip*)
Mr Walter Harrison, MP

Comptroller of the Household
Mr Joseph Harper, MP

Vice-Chamberlain of the Household
Mr James Hamilton, MP

Lords Commissioners of the Treasury
Mr Donald Coleman, MP
Mr John Dormand, MP
Mr Edward Graham, MP
Mr Thomas Pendry, MP
Mr David Stoddart, MP

Assistant Whips
Mr Alfred Bates, MP
Mr Thomas Cox, MP
Mr John Ellis, MP
Mr Peter Snape, MP
Mr Albert Stallard, MP
Mr Frank White, MP

House of Lords
Captain of the Gentlemen-at-Arms
(*Chief Whip*)
Rt Hon The Lady Llewelyn-Davies of Hastoe

Captain of the Yeomen of the Guard
(*Deputy Chief Whip*)
The Lord Strabolgi

Lords and Baroness in Waiting
The Lord Jacques
The Lord Oram
The Lady Stedman, OBE
The Lord Wells-Pestell
The Lord Winterbottom

Northern Ireland

Recent events concerning Northern Ireland include the introduction of an early release scheme for prisoners and the appointment of new ministers at the Northern Ireland Office. In addition, two committees are studying the question of compensation for criminal injuries in Northern Ireland and plans have been announced for the office of Agent for Northern Ireland in Great Britain.

TREATMENT OF OFFENDERS ORDER

A number of measures for the treatment of offenders in Northern Ireland, to take account of penal developments in the rest of the United Kingdom, have been introduced by the Treatment of Offenders (Northern Ireland) Order 1976, which was approved

by the House of Commons on 16 February (*Hansard*, cols 1071-91) and by the House of Lords on 17 February (*Hansard, HL*, cols 354-63).

In presenting the Order for approval the Secretary of State for Northern Ireland, Mr Merlyn Rees, said that the most important of its provisions was that which proposed a scheme to increase the remission of sentences for prisoners serving determinate sentences. This had been devised to meet the special situation in Northern Ireland and had no counterpart in the rest of the United Kingdom – although prisoners there had the benefit of the parole scheme (see p 573, 4.7.69) which would not be a practical possibility in the prevailing circumstances in Northern Ireland. The effect of the scheme would be to give an additional remission of one-sixth of their sentence to such prisoners, thus allowing them to be released at half instead of two-thirds sentence, as hitherto. There would be no compulsory supervision, but people who benefited from early release would not be free from all further liability. If they were to be convicted of an imprisonable offence committed during the remitted period of their sentence they would be liable to be returned by a court to prison for all or part of the balance of their sentence, in addition to whatever other penalty the court might impose for the offence.

Because of the negligible effect which this would have on people subject to short sentences and because of the administrative difficulty of keeping track of such sentences, the liability to be returned to prison would not apply to persons serving sentences of one year or less. Nor would the scheme affect life sentences – the cases of those prisoners would continue to be reviewed periodically under existing arrangements.

Additional Prison Accommodation

The link between the introduction of the new release arrangements at the present time and the Government's decision that convicted terrorists should no longer be granted political status (see p 143) was mentioned in the House of Lords by the then Parliamentary Under-Secretary of State, Northern Ireland Office, Lord Donaldson, who pointed out that the additional relief on prison accommodation that would be afforded by the scheme would enable 'a start to be made in phasing out special category status'. He was, said the Under-Secretary, convinced that this was a step in the right direction and would be in the best interests of the prisoners concerned as well as to the community to which they must eventually return.

Other Measures

Other measures covered by the Treatment of Offenders Order included the introduction of community service orders, bail hostels and deferment of sentence. There was also a provision that a person could not be awarded a first custodial sentence unless he had been legally represented or had refused such representation.

NORTHERN IRELAND MINISTERS

Following the ministerial changes made in April 1976 (see p 195) the Secretary of State for Northern Ireland, Mr Merlyn Rees, has retained personal oversight of all constitutional issues, security, and law and order. He has, in addition, assumed responsibility for the Department of Finance (into which the former Office of Law Reform has been absorbed – *Hansard*, 29.4.76, written answers, col 140) and continues to have overall responsibility for the Northern Ireland Departments.

Mr Roland Moyle, who continues as Minister of State, Northern Ireland Office, has retained responsibility for the Department of Education and taken over responsibility for the Departments of Commerce and Manpower Services. He is assisted by Mr Raymond Carter – Parliamentary Under-Secretary of State – who has special responsibility for education.

Mr John Concannon, newly appointed Minister of State, is responsible for the Departments of Environment, Health and Social Services, and Agriculture. He is assisted by a Parliamentary Under-Secretary of State, Mr James Dunn, who has special responsibility for agriculture.

CRIMINAL INJURIES COMPENSATION

A progress report on studies on the existing schemes of compensation for criminal injuries in Northern Ireland was given in the House of Commons on 28 April by the Secretary of State for Northern Ireland (*Hansard*, written answers, col 97), who reminded the House that he had set up two committees – one in respect of personal injuries and the other in respect of property – since it was clearly of the first importance that the working of the two relevant Acts of Parliament – the Criminal Injuries to Persons (Compensation) Act (NI) 1968, and the Criminal Injuries to Property (Compensation) Act (NI) 1971 – should, in the light of experience, be thoroughly reviewed as soon as possible.

He understood, said the Secretary of State, that both committees had already formed the view that changes would be appropriate in the operation of the existing schemes and that before they reported (by the end of June and the end of July respectively) they would be looking closely not only into such questions as provocation or negligence on the part of the applicant (both the existing Acts provide that these factors should be taken into consideration in the assessment of compensation), but also into other fundamental questions, including the financing of the schemes and the application of present legislation to different categories of applicant.

Mr Rees said he would aim, in the light of the recommendations of each of the two committees, to be ready to initiate legislation in the autumn. He would, of course, take into account as appropriate the deliberations of the committee set up by the Home Secretary to examine the operation of the non-statutory scheme which applies in Great Britain.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Budget 1976-77

In his Budget speech the Chancellor of the Exchequer, Mr Denis Healey, proposed measures designed to reduce the rate of inflation further so as to enable the fastest possible return to full employment and external balance, and to encourage industry to maximise its output and productivity. The central proposal was for a number of changes in income tax made conditional on the establishment of a pay agreement consistent with a 50 per cent reduction in the rate of inflation in the coming year.[1] (*Hansard*, 6.4.76, cols 232-82.)

INTRODUCTION

Mr Healey said that the Budget was likely to prove the most crucial of the present Parliament. It had to ensure that the gains made in the past year were consolidated and extended, and also prescribe the course for the fastest possible return to full employment and external balance during what was a period of world economic recovery. The Budget was, above all, about jobs and about inflation, which was the main threat to employment in Britain. He dealt first with the short-term problems against the economic background of the previous 12 months.

ECONOMIC REVIEW

The World Economy

In April 1975 the world economy had been in the trough of the deepest recession since 1945. In the first half of 1975 the gross national product of the eight largest countries of the Organisation for Economic Co-operation and Development (OECD) outside Britain, fell by 5 per cent at an annual rate, and world trade fell by even more – about 14 per cent at an annual rate. Unemployment in the industrial countries had been rising to levels unknown since 1945, and at the same time most countries' rates of inflation remained 'well into double figures'.

Mr Healey recalled that he had then predicted that the world economy would begin to recover by the end of 1975. In fact, the turning point had come earlier. The United States economy had recovered strongly in the third quarter of 1975 and in the fourth quarter most of the main European economies, especially that of the Federal Republic of Germany, had begun to improve. Mr Healey said that it was too early to be certain, but the rise in the gross national product in the industrialised countries in the second half of 1975 had probably come close to reversing the fall in the first half. Similarly with world trade: the rise in import volumes in the fourth quarter of 1975 had probably offset to a large extent the falls at the beginning of the year. Although this recovery in world output and trade must have owed a lot to a turn-round in stock-building, Mr Healey expected it to be sustained throughout the coming year. Private fixed investment might remain generally rather weak, but private consumption, for the world as a whole, was likely to rise quite strongly as the rate of inflation moderated and the full effects of the 1975 tax cuts and credit relaxations were felt. In addition, stock-building should continue to contribute to world recovery in 1976, and public spending would continue to be increased by the accelerated programmes of public works announced in many countries in 1975.

The Domestic Economy

Britain had inevitably shared in the world recession. The main fall in activity had come between the third quarters of 1974 and 1975, when gross domestic product had fallen by about 4·5 per cent. This had been an exceptional fall by past British standards, though not by comparison with recent experience in some other industrial countries, such as the Federal Republic of Germany and the United States. The fall in British activity had been due mostly to a fall in exports and an exceptionally large rundown of stocks, and since both had a high manufacturing content, manufacturing production had fallen even more sharply than gross domestic product – by 9 per cent over

[1] In a statement in the House of Commons on 5 May (*Hansard*, cols 1304-7) Mr Healey detailed the agreement reached between the Government and the Trades Union Congress (TUC) on the next stage of the counter-inflation policy, recommendations which would be put to a TUC special conference called for 16 June for approval. He announced that for the 12 months beginning 1 August 1976 there would be a new maximum limit on pay increases of £4 a week for those earning more than £80 a week, a minimum of £2.50 for those earning less than £50 a week, with a 5 per cent limit for those in the middle band of earnings. Mr Healey said that the limited increases, if approved at the special conference of the TUC, could be expected to add, on average, about 4.5 per cent to wages and salaries. They would be accompanied in full by the conditional tax reliefs specified in the Budget (see p 204) since, in the Government's view, the new agreement would 'meet the requirements of the counter-inflation policy'. Though price controls related to costs and profits would continue during the period of the new pay agreement, the regime would be so modified as to encourage investment and jobs in the British economy. Further details will be given in the next issue of *Survey of Current Affairs*.

the same period. Personal consumption had fallen considerably less.

This deep recession had inevitably led to a large increase in unemployment, which reached 1·2 million (on a seasonally adjusted basis) at the beginning of 1976. This level, disturbing though it was, had been no worse than what had been experienced by many other industrial countries, and considerably less than in the United States. Moreover, the development areas had suffered comparatively less than in previous recessions: the gap between the British average unemployment rate and those in Scotland, Northern Ireland and northern England had been reduced.

Output in Britain was now rising, but the extent of the recovery so far was uncertain. The increase in gross domestic product between the third and fourth quarters of 1975 had probably been about 1 per cent. Exports of goods and services had risen by 5 per cent in volume between those two quarters; there had been a moderate rise in personal consumption and the fall of stocks had been much reduced. A moderate rate of recovery had probably continued into the first quarter of 1976. Industry was now rebuilding its stocks, exports appeared to be on a strong upward trend and business confidence was improving steadily. Up to the fourth quarter of 1975 manufacturing investment had been falling, but this was to be expected at the present stage of the cycle, and surveys of investment intentions suggested an upturn in investment later in 1976.

The outlook for employment now seemed distinctly brighter. Recent monthly figures had shown an impressive change from increases in unemployment averaging over 40,000 a month (seasonally adjusted) throughout the latter half of 1975, to a rise of 22,000 in February and a fall of 6,000 in March 1976. Although encouraging it was not certain whether they signalled a definite turn-round. In the past there had often been a long time-lag before a recovery in output had led to a firm downward trend in unemployment. Mr Healey said that some of the improvement in the unemployment figures must have been due to the special measures he had announced in September and December 1975 (see pp 409-10, 1975 and pp 28-30) and in February 1976 (see pp 113-15), although it was not possible to identify their specific effects. Judging solely by the movement of gross domestic product in the past few months, it might still be too soon to expect the trend in unemployment to be reversed. However, some of the indicators suggested that a rapid improvement might be under way – the Chancellor mentioned in particular the steady increase in the number of notified vacancies over the last three months, as well as the large increase in Britain's imports of industrial materials. He considered it wise, therefore, to wait some months longer before reaching a firm conclusion on the basic trend.

The Balance of Payments and External Finance

Mr Healey recalled predicting in 1975 that the balance on current account would improve by at least £1,000 million between 1974 and 1975. In fact it had improved by nearly £2,000 million, from a deficit of £3,650 million in 1974 to one of £1,700 million in 1975 (see pp 164-8). This improvement had been partly due to a favourable change of import volumes relative to export volumes, and partly to an improvement in the terms of trade. Import volumes had fallen by 7 per cent as a result of the domestic recession and heavy de-stocking, while export volumes fell to a lesser extent. British exporters had increased their share of world trade in manufactures in the first half of the year, but might have lost some of this gain in the second half as world demand recovered. The terms of trade moved in Britain's favour by 12 per cent between the second quarter of 1974 and the third quarter of 1975, since then they had changed little until the recent depreciation in sterling. There had been little change in the balance of invisible transactions.

Relative to gross domestic product, the improvement in the balance of payments was even more striking. In 1974 the current account deficit had been over 5 per cent of gross domestic product. In 1975 it had fallen to a little under 2 per cent. The Chancellor believed that Britain would be able to retain this improvement in 1976, despite the upswing in domestic demand.

Foreign currency borrowing had helped considerably to finance the current deficit in 1975. Borrowing by public sector bodies under the exchange cover scheme (see pp 117, 477, 1973) had already made an important contribution in 1976. Moreover, apart from the special oil facility, Britain's credit-lines in the International Monetary Fund (IMF) had remained wholly undrawn,[1] and the amounts potentially available had been temporarily increased by 45 per cent to the equivalent of just over 4,000 million special drawing rights (SDR, see p 268, 1974), or £2,400 million, under the agreement reached at Kingston, Jamaica, in January 1976 (see pp 71-2). Britain should have no difficulty in meeting its external financing needs in 1976, said Mr Healey. However, he emphasised that this depended upon its success in fighting inflation and in maintaining confidence in its determination to regain external balance.

The Public Sector Borrowing Requirement

The latest estimate of the Public Sector Borrowing Requirement (PSBR) as a whole for 1975-76 was about £10,750 million. Both revenue and expenditure had been higher than expected. The net increase in PSBR had been partly due to the unexpected depth of the recession, but mainly to an under-estimate of the effect of inflation on public expenditure.

Monetary Developments

Despite the large borrowing requirement the supply of money had been contained. In fact the rate of growth of money supply on the broader definition of money had been lower in 1975 than in 1974: M3 had increased by 8 per cent in 1975 compared with 13 per cent in 1974.

More than half of the PSBR in 1975 had been financed by the sale of public sector debt outside

[1] Mr Healey announced on 4 May that he had arranged with the IMF for the first credit tranche standby of 700 million SDR to be drawn shortly.) *Hansard*, 4.5.76, written answers, cols 316–17.)

the banking system while demand for credit by the private sector had remained slack. The Chancellor commented that, in keeping with his policy of concentrating credit on the essential needs of the economy, the qualitative guidance to the banks and finance houses had been renewed in September 1975. They had been asked to ensure that any expansion of their business was directed to the needs of manufacturing industry for working capital, expansion of exports, import saving and industrial investment at home. His stance on monetary policy for the future remained unchanged. First, he was concerned to ensure that industry's requirements were not crowded out by other demands, notably those of the public sector. This was the financial counterpart of the Government's concern that resources should be made available in the economy for industrial investment during the economic upturn, as the public expenditure White Paper (see pp 110-13) explained. It remained the Chancellor's aim that the growth of money supply should not be allowed to fuel inflation, and therefore he aimed to ensure that the growth of money supply was consistent with the growth of demand expressed in current prices. If it were to become clear that this aim was not being achieved, he would be ready to use the appropriate mix of policies – not necessarily monetary policies alone – to redress the situation. After two years in which M3 had grown considerably more slowly than money gross domestic product, the Chancellor expected their respective growth rates to come more into line in the coming financial year. However, there could be large fluctuations in the growth of money supply from quarter to quarter.

Pay and Prices

The most encouraging developments of the last 12 months had been those on inflation, Mr Healey continued. In April 1975 he had seen success in reducing the rate of inflation, and the rate of wage increases in particular, as the key to achieving higher employment with a stronger balance of payments. However, at that time the rate of wage increase had been far in excess of the rate of increase in prices and had threatened to destroy any hopes of bringing inflation under control. That trend could have been reversed only by a sustained act of will involving all sections of the community. The act of will came three months later; the £6 limit had been the Trades Union Congress' (TUC) response to the nation's need. It had been an act of great responsibility on the part of the whole trade union movement, Mr Healey said – an act which had been sustained with impressive unanimity ever since. With only a few months of the current wage round remaining, he knew of no instance where wages were being paid in breach of the £6 pay limit. In consequence, confidence in Britain's future had been transformed both at home and abroad. Everyone in the country had benefited as a result.

Mr Healey recalled his forecast in his 1975 Budget speech that the annual rate of inflation in the second half of 1975 would be between 12 and 16 per cent; in fact it had been 14 per cent compared with 38 per cent in the first half. The £6 pay limit guaranteed that the rate of inflation would continue to fall in 1976. This would be a great improvement, but there was still a long way to go before Britain's inflation rate was down to the levels of its overseas competitors. In the OECD as a whole inflation had averaged 8 per cent a year in the second half of 1975. Britain, therefore, could not relax its efforts. Further progress depended crucially on the pay limit for the next pay round.

ANALYSIS AND STRATEGY

Britain's recent achievements had been encouraging and there was every reason to believe that further substantial progress could be made in the coming year. However, the Chancellor said, the Budget had also to deal with the problems of the medium term. It had to lay the foundations for a strategy which would enable Britain to enter the 1980s with full employment, stable prices and an economy in balance both at home and abroad. The next few years should see the world recovering from the deepest recession since the 1930s. There were, however, significant differences between this and earlier upswings in the trade cycle. All the major industrial countries had entered the recession with exceptionally high rates of inflation and, despite the severity of the recession, none of them, except perhaps the Federal Republic of Germany, had yet succeeded in reducing its inflation to the level which was regarded as acceptable a few years earlier. Partly for this reason, very few of the industrial countries were expected to restore employment to the normal post-war levels by 1980. Further, many of the countries which succeeded in achieving a surplus on their current account after the increase in oil prices, expected reduced surpluses, or even deficits, as their recovery began. The whole of the industrial world expected more difficulty than in any earlier recovery in reconciling the basic objectives of economic policy – full employment, stable prices and external balance.

The Chancellor said that he had emphasised this because, as a nation exceptionally dependent on foreign trade, Britain could not achieve immunity from the economic trends in the outside world. The problems Britain faced were different only in scale from those of other industrial countries. Britain could hope to solve those problems in full only if its trading partners succeeded in solving theirs. Indeed, if any one main industrial country sought to solve its problems at the expense of the others retaliation could be expected to spread rapidly in a chain reaction. The whole world would be plunged into a prolonged economic slump similar to that of the 1930s. For this reason the British Government had taken the lead, both in the Commonwealth and the European Community, and in other international organisations, in organising collective discussion of the world's common plight in the hope that countries could devise together an international strategy for dealing with an international problem. Although Britain's immediate economic problems were similar in nature to those of its trading partners, they were far greater in scale than most. Even before the oil crisis, growth had halted in Britain, the balance of pay-

ments deficit had already been increasing rapidly and inflation had also been rising rapidly. In addition to this the increase in oil and other commodity prices had reduced Britain's real national income by nearly 5 per cent. Therefore, it would be even more difficult for Britain than for other countries to achieve full employment together with external balance. It could only be done by producing a major shift in the use of resources away from private and public consumption towards exports and investment. There was no short-cut to a solution of the problems. Whatever adjustments the Government might make in its fiscal or monetary policy, success depended ultimately on improving the performance of manufacturing industry. It was because Britain's manufacturing industry had declined since the war both in size and efficiency by comparison with those of its competitors, that its economic record had been inferior to theirs, Mr Healey said. The Government had launched new policies for improving industrial performance in co-operation with the leaders of both sides of industry. It had limited the demands of the public sector so as to make room for industrial expansion. Ultimately, however, the problem could only be solved at the level of the individual company and plant.

The Government's target was to reduce unemployment to 3 per cent in 1979. That would require an increase in gross domestic product of about 5·5 per cent a year in the three years, 1977, 1978, 1979 and an increase in manufacturing output of about 8·5 per cent a year in the same period, said Mr Healey. Britain had never maintained such a rate of increase over so long a period in the past. However, it was not impossible given the exceptionally low level of capacity use at present. Nevertheless, it would require a rapid improvement in industrial performance in every field and at every level. Many of Britain's competitors had achieved these rates of growth in similar situations since 1945.

Conditions for Growth

Like all earlier Governments in similar situations the Government faced two major constraints on growth, each of them capable of frustrating Britain's efforts to achieve the necessary speed in recovery. Neither could be reduced through Government action alone. These constraints were, first, the risk of temporary shortages of capacity – skilled manpower, capital equipment, raw materials and components – and second, the risk of an unacceptable deficit in the balance of payments. The first constraint, which Mr Healey referred to as the 'bottleneck problem', might bring about the second if too much demand was pumped into the economy too quickly; in that case the result might be a complete seizure in domestic production followed by an intolerable balance of payments deficit as imports were drawn in.

The Government had long recognised the need to deal with the first constraint; it had begun to take action in the 1975 Budget by concentrating assistance on such industries as machine tools which had been unable to expand their activity sufficiently in the past, and by introducing measures to accelerate investment projects. It had also doubled the amount of money available for industrial training. The first survey of leading sectors in the economy, which would be drawn together by the National Economic Development Council in two months' time as a basis for Britain's industrial strategy, should help to identify other areas where action was needed – whether by the Government, by management or by the unions – in order to eliminate bottlenecks in advance of recovery. Bottlenecks could arise not only from bad planning by Government or management, but also from bad industrial relations leading to, for example, stoppages in a components factory, which could bring a whole industry to a halt. It could be very dangerous to expand domestic demand without a firm assurance that industry had the will and the capacity to meet it.

The only answer to the constraint imposed on growth by the balance of payments was to base expansion on exports and import substitution and not on a general reflation of domestic demand. All schools of economists agreed that a massive reflation could only lead to disaster. It would reduce unemployment temporarily but at the cost of increasing the balance of payments deficit intolerably. This would soon exhaust Britain's ability to finance its external deficit – thereby forcing it into renewed deflation and a high level of unemployment. The only reliable means of removing the balance of payments' constraint in the longer run was to ensure that manufacturing industry performed much better in the future than it had done in the past. Compared with similar situations in previous cycles the present situation had some favourable aspects for Britain. Its costs were competitive and there was spare capacity both in resources and in manpower. Britain was therefore well-placed to sustain an expansion which was led by exports. However, to succeed in this the domestic claims on resources, particularly private and public consumption, had to be held down. While the volume of manufactured exports had been increasing at an annual rate 'well into double figures' since the third quarter of 1975, at the same time the volume of imported finished manufactures had been relatively stable and was still slightly below the level achieved in 1973. This represented an excellent first step towards export-led growth, the Chancellor said.

He did not believe that general and prolonged import controls offered any solution to Britain's problems. Such controls would mean breaking Britain's treaty obligations to the General Agreement on Tariffs and Trade, the IMF and the European Community, and might lead to an international trade war on the scale of the 1930s. Selective import controls, however, while they could not provide an answer to the macro-economic problems, might have a valuable role to play in protecting particular industries, whose survival was threatened by excessive imports causing market disruption. The Government had announced several such controls in recent months and would remain alert in other cases where they might be appropriate. However, the Chancellor emphasised again that the balance of payments' constraint could only be removed by making British industry more efficient in all the respects which affect its sales both at home and abroad. The Government's

industrial policies aimed to improve the performance of British manufacturers in this broader sense. Above all they aimed to improve price competitiveness, providing that higher productivity did not go into higher wages or higher profits.

The depreciation of sterling, which in recent weeks had been the inevitable response to Britain experiencing a higher rate of inflation than its competitors, also offered no solution to its problems. It increased the cost of living and thereby generated new inflationary pressures. Only by reducing industrial costs by higher productivity and a lower growth of incomes could a lasting solution to the balance of payments' constraint on economic growth be found.

The Coming Year

Before outlining his detailed proposals, the Chancellor gave a brief account of how he expected the economy to develop in the next year on the assumption of no change in the taxation rates, expenditure plans and rate of pay increases. First he expected total output to grow quite quickly, perhaps by about 3·5 per cent in the next 12 months. Within this total the pattern of resource demand would be developing in the way the Chancellor had suggested it should if the economy were to be brought into better balance in the medium term. The strong elements of demand would be exports, which would grow at perhaps 9 per cent under the impulse of the rapid growth in world trade, stock-building and private fixed investment which might grow at 6 to 7 per cent. By contrast, private consumption could rise at only about 1·5 per cent and public expenditure on goods and services would be approximately unchanged. It was necessary to shift distribution of resources over a sustained period in roughly that pattern. Since the rising output would be approaching the rate required to meet the Chancellor's objective for unemployment by 1979, he did not intend to add much to aggregate demand. The period in which the higher growth rate was required had to be approached not with a sudden spurt, but with a steady and gentle acceleration.

It followed from this and from the constraints he had outlined, Mr Healey went on, that the Budget should not on balance add much to demand or change its pattern. Instead it had two overriding objectives, both concerned with the essential improvement in Britain's industrial performance: first, to create the conditions in which output and productivity were most likely to increase; and, secondly, to create the conditions in which wage costs could be kept as low as possible without unnecessarily reducing the real value of the workers' take-home pay. As far as industrial efficiency was concerned he proposed a series of measures which would encourage industry to maximise its output and productivity, and as far as industrial costs were concerned he proposed two sets of measures. The first would take effect immediately since he believed they would help to create a suitable climate for the coming discussions on the next wage round and the second would only be approved when the TUC had made its recommendations on the new pay limit.

BUDGET PROPOSALS

Incomes Policy and Direct Taxation

The Chancellor proposed to continue the attack on inflation and to encourage the greatest possible reduction in the growth of wage costs by relating tax concessions to a lower limit on earnings during the next pay round. The proposals were in two parts. The first part would take effect at once and was intended primarily to help sections of the population who would not be involved in the coming negotiations on incomes policy. The second part would be conditional on agreement being reached with the TUC on a voluntary pay limit, which was consistent with a further halving of Britain's inflation rate in the coming year.

The unconditional set of income tax reliefs contained proposals to increase the wage allowance by £60 to £1,010 for single people and by £130 to £1,555 for married couples and also to raise the ceiling for the allowance by £250 to £3,250. Mr Healey also proposed to increase unconditionally the child tax allowances by £60 so that they became £300 for children under 11, £335 for children between 11 and 16 and £365 for children over 16 at a cost of £300 million in a full year.

The conditional income tax changes proposed by the Chancellor were to increase the single person's allowance and the allowance for wives' earnings by £60 to £735, the married person's allowance by £130 to £1,085 and the additional personal allowance by £70 to £350. If implemented these increases would keep 670,000 people out of tax altogether and would help reduce the administrative cost of collecting tax. He also proposed a conditional increase of £500 in the higher rate income tax threshold, so that the higher rate of income tax at 40 per cent would start at a taxable income of £5,000 instead of £4,500, with a similar increase of £500 in the next four thresholds up to a taxable income of £8,500 a year.

These proposals were based on achieving a pay limit of about 3 per cent because the Chancellor believed that a higher limit could not be relied on to reduce Britain's rate of inflation to that of its principal competitors. He could not be absolutely precise about the figure because much would depend on the way in which the new policy was structured – for example, whether it was a flat sum or a percentage, or a mixture of the two. If the TUC was unable to agree to the 3 per cent figure he would have to reduce the amount of reliefs accordingly. However, if the TUC could agree to an even lower limit, he would compensate with still greater reliefs. While emphasising that he was not seeking to dictate or impose a particular figure, Mr Healey said that a majority of taxpayers would gain by agreeing to a lower limit rather than a higher one. This was because the real value of their pay would be increased not only by the tax reliefs but also by lower prices resulting from the lower pay limit. The lower pay limit would also generate more jobs by improving the ability of industry to compete, by stimulating investment and by improving confidence in Britain both at home and abroad.

If fully implemented the total cost of both

conditional and unconditional income tax reliefs would be £1,300 million in a full year, £370 million being the cost of the unconditional reliefs.

Industrial Policy

Corporation Tax

Mr Healey said that continuous alteration of the rates, structure or reliefs of corporation tax was bound to disrupt industrial planning. He therefore aimed to strengthen the stability of the tax environment in three areas. First, the temporary special tax relief on stock appreciation (see pp 196-7, 1975) would be continued for two more years while the Inland Revenue, in consultation with industry and the accounting profession, worked out the form of a permanent relief. There would be changes in the present relief designed to favour expanding and investing firms. The benefit of stock relief to the company sector as a whole would increase by some £65 million in a full year.

Secondly, the Chancellor accepted the recommendation of the Sandilands Committee on inflation accounting (see p 352, 1975) that the present system of 100 per cent capital allowances should be continued. He said that the continuation of stock relief and the present system of capital allowances meant that substantially the whole of any profits which a manufacturing company reinvested in its business, whether in fixed or in working capital, would effectively be relieved from corporation tax.

Thirdly, no changes in the rates of corporation tax were proposed. However, in order to assist small companies, Mr Healey proposed to increase the profit level by which small companies are defined for the purposes of the preferential rate of corporation tax from £25,000 to £30,000. The limit for marginal relief would be increased from £40,000 to £50,000.

Investment

In order to ensure that as world trade expanded new trading opportunities would not be missed by credit-worthy companies because of a shortage of finance, measures to improve conditions for the supply of industrial finance were proposed. These included the abolition of stamp duty on transfers of fixed interest stocks, excluding convertible stocks, at a cost of £10 million in a full year; a review by the Bank of England and the London and Scottish clearing banks of the supply of medium-term bank finance for industry, including possible refinancing facilities; and studies of the feasibility of counter-cyclical investment schemes by the new National Economic Development Council Committee on Finance for Investment. The Chancellor also proposed to allocate a further £40 million for accelerated projects and industry schemes in addition to the £285 million which had already been allocated. The Government would be discussing possible changes in the Price Code with both sides of industry and would take full account of the needs of industry and, in particular, of the need to allow a sufficient recovery of profits to encourage new investment and the increased employment which would follow.

Manpower Policy

The amount paid per person under the Temporary Employment Subsidy was to be doubled from £10 to £20 a week and the scheme extended for new applications until the end of 1976. The Chancellor said that the subsidy was already preserving jobs at the rate of about 60,000 a year and that his new proposals would preserve another 60,000 in 1976. The gross cost would be about £95 million up to the end of 1977 and about £60 million in the financial year 1976-77. However, because of the offsetting savings from unemployment benefit and additional tax revenue, the net cost to public finances was likely to be only about £30 million over the whole period. Mr Healey also proposed a further extension of the Community Industry Scheme, which was designed to help socially disadvantaged young people who had difficulty in obtaining and keeping a job, at a cost of about £2·3 million in a full year and £0·5 million in 1976-77.

VAT

In order to help particular industries, the higher-rate value-added tax (VAT), which applied to petrol as well as a range of less essential goods such as domestic electrical appliances and boats, was to be reduced from 25 per cent to 12·5 per cent. The standard-rate VAT was to remain at 8 per cent. However, the hydrocarbon oil duty on all road fuel was to be increased by 7·5p a gallon so as to compensate for the reduction in the higher-rate VAT applied to petrol and to conserve oil. This would mean a net increase of about 1p a gallon on petrol for the private motorist. The cost of the reduction in the higher-rate VAT on petrol would be £185 million in a full year but the Chancellor's proposals for road fuel duty would offset this and produce a net increase in revenue of £265 million in a full year. Overall, his proposals for the higher-rate VAT and for road fuel duty would produce a net revenue increase of £90 million a full year.

Other Indirect Taxation

In recent years, the Chancellor noted, the yield of the revenue duty on tobacco and alcoholic drink had been eroded in real terms as a result of inflation. In order to compensate for this, he proposed increases, which, together with the consequential VAT, would result in price increases equivalent to 1p on a pint of beer on average, 32p on a standard bottle of whisky or gin, up to 12p on a bottle of fortified wine, and 6p on a standard bottle of table wine and most made-wine. He also proposed a small new excise tax on cider and perry of 22p a gallon. Allowing for consequential VAT, this would be equivalent to about 3p a pint. These changes would produce, in a full year, an additional £95 million from beer, £25 million from spirits, £25 million from wine, £10 million from cider and perry and an additional £10 million from the 8 per cent rate of VAT on these goods. The Chancellor also proposed a higher rate of duty on tobacco, which would increase the price of most popular sizes of cigarettes by 3p or 3·5p for a packet of 20. The average tax burden on pipe tobacco would not change. The

Chancellor said that when Britain joined the European Community it had accepted an obligation to replace the present tobacco duty, which fell on the raw material, with a duty falling on the finished product. As a first step in restructuring the tobacco duty system, the Chancellor proposed to introduce an *ad valorem* element into the system.

Capital Transfer Tax

The Chancellor proposed a new capital transfer tax relief for businesses under which in certain circumstances the value of a business transferred would be reduced by 30 per cent. The relief would substantially lighten the burden on transfer of businesses; it was particularly important for small businesses and for agriculture. He also proposed that the annual amount which a person might give away in life tax-free, after using up any other exemptions, should be increased from £1,000 to £2,000. The exemption on death for works of art, historic houses and other property of importance to the national heritage would be extended to lifetime gifts and to property held in discretionary trusts, but at the same time conditions for the relief were to be strengthened.

Miscellaneous Tax Changes

Stronger powers against tax-evasion were proposed by Mr Healey. In particular, the powers which required a person to produce for inspection documents in his possession, bearing on his liability to tax, were to be strengthened, and there would be a parallel power to obtain from a taxpayer's spouse and children documents bearing on his own liability.

He proposed to strengthen the legislation making fringe benefits, such as the provision of company cars and cheap loans, liable to income tax. These changes would take effect from 1977-78. House mortgages provided cheaply, however, would not attract liability so long as they did not exceed the ceiling for tax relief.

The Chancellor outlined several other tax measures, the first two of which would, he said, make necessary savings in the number of Inland Revenue staff. He proposed to end the duplication of tax allowances in the first year of marriage. This duplication arose because in the year in which they married a wife was entitled to a single person's allowance against her income before marriage while her husband was entitled to the wife's earnings allowance against her post-marriage earnings. He also proposed to simplify the administration of tax relief for life insurance premiums. The limit on the annual amount which a self-employed person might pay by way of a tax-relieved premium to provide himself with an annuity on retirement was to be increased from £1,500 to £2,250. No change was proposed in the structure of capital gains tax but the Chancellor proposed to increase the total amount of disposals that could be made annually without any charge to capital gains tax from £500 to £1,000.

Public Expenditure

Mr Healey said that, in order to ensure that the necessary resources were available for exports and investment, the demands made on resources by the public sector had to be limited in the coming years. The Government's plans for doing this had been set out in the public expenditure White Paper. The Government was against short-term cuts in spending in the current year because these would be disruptive and add to unemployment. However, it was determined to ensure that expenditure in the current year did not exceed the set limits. The Government was developing improved methods of monitoring expenditure and was making extensive use of cash limits (see p 209).

The Chancellor announced proposals for increases in the retirement pension and other social security benefits, full details of which were given in the House of Commons on 7 April by the Secretary of State for Social Services (see pp 224-7).

CONCLUSION

The Chancellor said that it was an almost neutral Budget. Expansion could not be based on general reflation of domestic demand. The unconditional tax measures were neutral both in financial and demand terms, and did not reduce the overall burden of taxation. However, he believed that they distributed that burden more fairly. If the low pay limit could be achieved, Mr Healey said, the effects this would have on confidence would enable him to implement the additional tax reliefs which he had outlined. These would more than offset the temporary demand effects of such a pay limit. The net effect might be to increase output in the first half of 1977 by about £400 million, or about one-third of 1 per cent.

In that case he expected recovery to gather speed. The gross domestic product, which had fallen during 1975, should grow by about 4 per cent and manufacturing output by about 8 per cent in the year to mid-1977. The increase in demand would be largely from exports and stockbuilding: little would come from consumption. This was a pattern of growth that Britain would be able to sustain and to improve on if bottlenecks were reduced and trade performance improved. Given the prospect of rising output and the evidence of a revival in business confidence, investment was likely to start rising again in 1976. The increase in manufacturing investment between the first half of 1976 and the first half of 1977 could be in the order of 15 per cent, although private fixed investment as a whole would be likely to grow about half as fast.

Since the forecast growth of gross domestic product was above the trend in growth of productive potential, spare capacity would be brought into use. It was too soon to say whether Britain had already reached the peak of unemployment. From past experience, Mr Healey expected a substantial lag between changes in output and changes in employment. For this reason most forecasts suggested that the turning point would still be some months off. However, it was difficult to reconcile those forecasts with recent monthly figures not only of unemployment but also of vacancies, short-time working and overtime. It would be foolish to be complacent, however, and so the Chancellor had introduced additional measures specifically designed to protect employment. Given the low pay

limit, he estimated that the additional tax relief together with the temporary employment subsidy would provide about 100,000 extra jobs in the next 18 months.

He believed that, despite the up-turn in economic activity, the improvement in the current balance achieved in 1975 would be maintained and that Britain could still reduce its rate of inflation to under 10 per cent by next winter, the prospect for 1977 depending crucially on achieving the low pay limit. Britain had already halved its rate of inflation and if the low pay limit was achieved it could be halved again by the end of 1977.

The forecast for the PSBR for 1976-77 was £12,000 million. This represented a lower percentage of gross national product than in 1975-76. The forecast would be about £700 million lower without the conditional tax reliefs. However, the Chancellor believed it was worth accepting some increase in the PSBR in order to achieve a lower rate of inflation.

Within the severe constraints imposed by Britain's economic circumstances, he had tried to ensure that such help as could be provided would go to those such as pensioners and families with children, who needed it most. The proposals were also designed to ensure that the majority of working people would be better off with a low pay limit than without it.

Finally, Mr Healey said that the Budget created the conditions in which the necessary improvement in industrial performance would be possible. The measures he had proposed related primarily to the necessary advance in industrial efficiency and the necessary reduction in industrial costs.

BUDGET STATISTICS

Tables 1, 2 and 3, taken from the *Financial Statement and Budget Report 1976-77* (HMSO, 95p. ISBN 0 10 230676 1), show the major items in the central Government's expected revenue and expenditure for the year 1976-77.

Table 1 Taxation and Miscellaneous Receipts

£ million

	1975-76		1976-77 forecast	
	Budget forecast	Outturn	Before Budget changes	After Budget changes*
Taxation				
Inland Revenue				
Income tax	14,008	15,068	17,977	17,045
Surtax	85	109	30	30
Corporation tax	2,125	1,987	2,694	2,650
Petroleum revenue tax	—	—	—	—
Capital gains tax	325	386	400	400
Development land tax	—	—	—	—
Estate duty	165	211	70	70
Capital transfer tax	150	116	219	212
Stamp duties	220	282	300	293
Total Inland Revenue	*17,078*	*18,159*	*21,690*	*20,700*
Customs and Excise				
Value added tax	3,275	3,415	3,875	3,650
Oil	1,550	1,538	1,600	2,025
Tobacco	1,675	1,676	1,760	1,790
Spirits, beer, wine, cider and perry	1,475	1,560	1,705	1,850
Betting and gaming	275	265	295	295
Car tax	170	163	190	190
Other revenue duties	10	9	10	10
Protective duties, etc.	530	507	555	555
Agricultural levies	40	43	60	60
Total Customs and Excise†	*9,000*	*9,176*	*10,050*	*10,425*
Vehicle excise duties	773	781	835	835
Total Taxation	26,851	28,116	32,575	31,960
Miscellaneous Receipts				
Broadcast receiving licences	234	230	237	237
Interest and dividends	145	152	140	140
Other	880	919	860	860
Total	**28,110**	**29,417**	**33,812**	**33,197**

* After all changes, including those conditional on agreement being reached on a low pay limit.

† Includes customs duties and agricultural levies accountable to the European Communities as 'own resources'.

Table 2 **Supply Services and Consolidated Fund Standing Services**

£ million

	1975–76		1976–77 forecast	
	Budget forecast	Outturn	Before Budget changes	After Budget changes
Supply Services				
Defence	4,526	5,270	5,604	5,604
Overseas aid and other overseas services	686	723	815	815
Agriculture, fisheries and forestry	957	1,146	856	856
Trade, industry and employment	2,636	3,796	2,860	2,860
Roads and transport	1,227	1,358	1,247	1,247
Housing	1,518	1,565	2,089	2,089
Other environmental services	297	314	337	337
Law, order and protective services	753	933	991	991
Education and libraries, science and arts	1,132	1,285	1,406	1,406
Health and personal social services	4,015	4,768	4,907	4,907
Social security	3,144	3,471	4,001	4,001
Other public services	759	886	915	915
Common services	759	838	890	890
Northern Ireland	369	535	526	526
Rate support grant, financial transactions, etc.	5,709	7,184	7,124	7,124
Total	*28,487*	*34,072*	*34,568†*	*34,568†*
Allowance for price changes (rounded)	–	–	2,300	2,300
Supplementary provision	242	–	–	60‡
Total Supply Services at estimated outturn prices	28,729*	34,072	36,868	36,928
Consolidated Fund Standing Services				
Payment to the National Loans Fund in respect of service of the national debt	1,245	964	1,770	1,770
Northern Ireland – share of taxes, etc.	484	576	631	631
Payments to the European Communities, etc.	382	382	568	568
Contingencies Fund	–	36	–	–
Other services	18	17	18	18
Total Consolidated Fund Standing Services	2,129	1,975	2,987	2,987
Total	**30,858**	**36,047**	**39,855**	**39,915**

* At 1975-76 Estimate prices.

† At 1976-77 Estimate prices.

‡ This is the estimated net increase in Supply Votes in 1976-77 to take account of the increase in Temporary Employment Subsidy.

Table 3 **Summary of Consolidated Fund Receipts and Issues**

£ million

	1975-76		1976-77 forecast	
	Budget forecast	Outturn	Before Budget changes	After Budget changes
Revenue				
Taxation	26,851	28,116	32,575	31,960
Miscellaneous receipts	1,259	1,301	1,237	1,237
Total	28,110	29,417	33,812	33,197
Expenditure				
Supply services	28,729	34,072	36,868	36,928
Consolidated Fund standing services	2,129	1,975	2,987	2,987
Total	30,858	36,047	39,855	39,915
Deficit met from the National Loans Fund	–2,748	–6,630	–6,043	–6,718

DEBATE ON THE BUDGET

Opposition Views

Sir Geoffrey Howe, speaking for the Conservative Opposition (*Hansard*, 7.4.76, cols 444-57) criticised the Chancellor for taking an 'unacceptable risk' in 'assuming a 5·5 per cent growth in gross domestic product and more than 10 per cent growth in exports'. He said that no incomes policy had been sustained for more than two years and all had allowed actual earnings to rise generally twice as much as the stated norm. Unless Mr Healey began to cut public expenditure substantially he would not be able to cover the public sector borrowing requirement, or to release resources for the private sector to create new jobs. Sir Geoffrey also criticised, *inter alia*, the high level of the tax burden and the lack of measures, except for the continuation of stock relief, to strengthen the profitability of industry which was necessary for more investment.

Mr Jeremy Thorpe, the then leader of the Liberal Party, also regarded the Chancellor's targets as too optimistic (*Hansard*, 7.4.76, cols 469-76). He thought that, even if Mr Healey was successful in using tax rebates for the purpose of achieving a low pay norm, there would still be a need for some form of clawback, probably through an inflation tax, for those who breached the policy or who did not accept it.

Cash Limits

Details of the cash limits for the financial year 1976-77 were published on 6 April in a White Paper, *Cash Limits on Public Expenditure* (Cmnd 6440, HMSO 40p, ISBN 0 10 164400 0). The Government had announced its intention of making extensive use of cash limits in 1976-77 in the White Paper, *The Attack on Inflation* (see pp 269-72, 1975). The limits are being applied to public spending in areas where they can impose greater financial discipline and precision and are an important part of the Government's policy for reducing inflation. They will represent an administrative ceiling on the cash which the Government is prepared to spend on the services covered during 1976-77.

Central Government Expenditure

Cash limits will apply to about three-quarters of voted expenditure (Supply Expenditure) other than social security benefits, in 1976-77. The main exclusions are those services where, once policy and rates of payment have been determined, cash spending in the short term depends on factors outside the Government's direct control, for example social security benefits, expenditure on family practitioner services, agricultural support and some forms of regional assistance. Items subject to cash limits are grouped into control 'blocks'. These are designed to be large enough to provide spending authorities with scope for finding the most economical and effective way of carrying out their programmes within the limits. The White Paper contains a table setting out the cash limits for each block of central Government expenditure.

Local Authority Expenditure

Under the present statutory arrangements, local authority current expenditure cannot be directly controlled by central Government. Cash limits are, however, being placed on the amount of financial assistance provided to local authorities by the central Government through the rate support grant and supplementary grants. [The limits on these were announced in November 1975 (see p 495, 1975).] Local authority capital expenditure, except on new house building and community ownership of development land, is also being subjected to cash control. The form of control varies between programmes depending on feasibility and the statutory powers available. Some of the controls apply to expenditure, some to expenditure financed by borrowing during the year and some to the value of work approved or started during the year. The White Paper contains details of the form of control and the cash limits.

Nationalised Industries

Special arrangements will apply to the nationalised industries. These are major trading bodies, and it is their net borrowing requirement and not their capital investment which has a direct impact on the public sector borrowing requirement. Therefore, cash control will be related to estimates of their financing needs to be met by loans, grants and public dividend capital. These estimates will be treated as a form of cash limit and used as the basis for monthly monitoring of the industries' financing requirements. However, the limits cannot be immutable because, like private sector companies, the industries' financing requirements depend on trading conditions. Borrowing by the regional water authorities will be subject to similar arrangements. The *Financial Statement and Budget Report 1976-77* (see p 207 for details) contains the relevant estimates of the borrowing requirements of each of the nationalised industries and that of the water authorities.

Calculation and Operation

The cash limits take account of the planned volume of expenditure shown in the public expenditure White Paper (see pp 110-13) and also allow for increases in prices and incomes consistent with the policy in the White Paper, *The Attack on Inflation*. Once fixed the limits will not normally be revised during the course of the year unless specific policy decisions have been taken to change the level of provision of a particular service. For certain services, such as the roads and hospital building programmes, where the timing of expenditure on existing projects cannot be precisely controlled, some arrangements are needed to allow a limited amount of flexibility between successive financial years and between current and capital expenditure. The extent to which such arrangements are required will be decided 'in the light of experience'.

Expenditure on each cash control block will be carefully monitored so that corrective action may be taken should it appear likely that the cash limits would otherwise be exceeded. Departments will establish 'profiles' of the rate at which money is

likely to be spent on each block during the course of a year in order to assist in this task. After the end of the financial year, the Government will publish outturn figures for each block.

Relationship with Existing Controls

For planning total public expenditure, the Government has to ensure that the resources taken by the public sector are related to the total resources available in the economy as a whole. It also has to control the amount actually spent in the current financial year so as to fit into the plan set out in the annual Budget. The White Paper explains that different techniques are required for medium term planning [which is the concern of the Public Expenditure Survey system] and for budgetary control. Public spending plans for the medium term are worked out at constant prices because it is impossible to predict the movement of prices with any assurance for a period of years, either generally or for particular goods and services purchased by the public sector. For expenditure control in the current year, however, it is essential to control the actual cash spent. The traditional basis for this control has been provided by Supply Estimates approved by Parliament. As the White Paper points out, however, even in periods of modest inflation, the Estimates presented with the Budget have not provided a good indication of the amount of money likely to be spent during the year. This is because the Estimates are generally calculated at the price levels prevailing when they are prepared. Supplementary Estimates have therefore been needed to finance subsequent pay settlements and price increases, and for most services they have been regularly provided to cover such increases. With more rapid inflation, and especially as the prices of different goods and services increased at very different rates, the Supply Estimates became even more inadequate as an indicator of the amount of cash that would be needed during the year. In addition, the Supply Estimates do not cover all public expenditure: in particular, though they govern the grant finance provided to local authorities and nationalised industries, these bodies have other sources of revenue and their expenditure is outside the Supply Estimates framework.

For those services financed wholly from the Supply Estimates, cash limits can be thought of as a planned ceiling for the services concerned on the total of the main Estimates and any Supplementary Estimates combined. The White Paper states that the arrangements being introduced for 1976-77 may have to be modified in later years.

National Income and Expenditure

Summary figures of Britain's national income and expenditure for the fourth quarter and year,1975, were published on 5 April and show that Britain's output of goods and services (gross domestic product) in 1975 was valued at £91,600 million. In real terms there was a fall of 1·5–2 per cent between 1974 and 1975. Between the second halves of 1974 and 1975 the fall was rather greater, at 3·5–4 per cent, but during the later part of 1975 there was an indication of an upturn in economic activity.

The information in this article is summarised from a Central Statistical Office press notice, CSO(76) 21, which has replaced information published in previous years in the annual White Paper *Preliminary Estimates of National Income and Balance of Payments* which, as announced on 5 February (*Hansard*, 5.2.76, written answers, col 718), is not to be published in 1976. For a discussion of the balance of payments figures for 1975 see pp 164-68.

Analysis

The terms of trade improved between 1974 and 1975 (having previously deteriorated around the end of 1973) so that, despite the fall in output, real national disposable income rose by 0·5 per cent between 1974 and 1975 as a whole.

The index of industrial production fell sharply by 5·5 per cent in 1975, following a decrease of 3·5 per cent in 1974 (after approximate adjustment to an output basis for those industries where delivery indicators are used). Most of the drop in production in 1975 occurred in the early part of the year, and there was some indication of a recovery in the last quarter. As a share of total domestic income including stock appreciation, company profits averaged about 10 per cent in 1975, a fall of 2·5 per cent from the previous year, and about 3·5 percentage points below the long-term average over the previous ten years.

Total personal income (that is, income from employment and self-employment, dividends, social security benefits, etc) rose by over 26 per cent between 1974 and 1975. Personal disposable income (that is, after deduction of taxes and national insurance contributions) rose by 22 per cent in 1975; this increase was wholly matched by price rises, so that real personal disposable income was virtually unchanged between the two years as a whole.

Consumers' expenditure was little changed in 1975, although spending in the second half of 1975 was 2 per cent below the same period in 1974. Comparing 1975 with 1974, there was little change in spending on food, but an increase of around 4 per cent in expenditure on beer, although there were decreases of similar percentages in spending on wines and spirits and on tobacco. Expenditure on fuel and light fell by 2 per cent, in marked contrast to increases in previous years. Expenditure on durable goods fell by 4 per cent in 1975, following a larger fall in the previous year, but there were small increases in spending on most services. On the basis of revised estimates for 1974 and provisional estimates for 1975 the personal savings ratio (saving expressed as a percentage of personal disposable income) rose slightly between the two years, to an historically high level of 13.9.

Total fixed investment at constant prices was little changed in 1975. A further sharp rise in fixed investment in North Sea oil equipment, and a smaller rise in investment in dwellings were offset by a fall of 14 per cent in manufacturing investment, and by smaller falls in most other industries. Between 1974 and 1975 there was a substantial

turnround from stockbuilding to destocking which contributed greatly to the fall in economic activity between the two years. The rate of destocking appears to have fallen significantly during the course of 1975, however, contributing to the upturn in economic activity which seems to have occurred between the third and fourth quarters of the year.

Advisory, Conciliation and Arbitration Service

FIRST ANNUAL REPORT 1975

The success of the Advisory, Conciliation and Arbitration Service (ACAS) (see pp 225-6, 1974 and 82, 212-15, 1975) in dealing with industrial disputes is described in its first annual report (HMSO, £1·20, ISBN 0 11 881105 3) which shows that during the first 16 months of its operation, from 2 September 1974 to 31 December 1975, settlements, or arrangements to make progress towards a settlement, were reached in no less than 82 per cent or 2,123 of the 2,595 disputes for which it completed conciliation.

Independence and Functions

The report emphasises, as an essential feature of the ACAS, its independence from the machinery of Government and quotes the Employment Protection Act 1975: 'The functions of the Service and of its officers and servants shall be performed on behalf of the Crown, but' – apart from on the presentation of accounts – 'the Service shall not be subject to directions of any kind from any Minister of the Crown as to the manner in which it is to exercise any of its functions under any enactment'. The five main functions – collective conciliation, arbitration, advisory work, inquiries and individual conciliation – all contributed to the main task of promoting the improvement of industrial relations and, in particular, of encouraging the extension of collective bargaining and the development and (where necessary) the reform of collective bargaining machinery. Over the period covered by the report these functions were 'integrated more closely to move towards a comprehensive industrial relations service to industry'.

Collective Conciliation

The number of requests for collective conciliation in 1975 was 2,564, an increase of 75 per cent over the 1974 combined total of 1,464 requests made to the Department of Employment and the ACAS, and 2·5 times the number received by the Department of Employment in 1973, the last full year for which it provided conciliation.

Table 1 gives an analysis of completed conciliation cases from 2 September 1974 (the date the ACAS was set up) to 31 December 1975 and shows that the most frequent causes of disputes over this period were pay and other terms and conditions of employment. Of the 2,595 completed conciliation cases, 1,416 or 55 per cent were requested by trade unions, 452 by employers, and 629 jointly. The ACAS itself took the initiative in offering conciliation in 98 disputes, or 4 per cent of the total.

The ACAS pays due regard to established and recognised procedures for dealing with disputes so that it does not normally seek to conciliate until any such procedures have been exhausted or have broken down. Each stage of the conciliation process is voluntary; moreover, responsibility for the settlement lies with the parties to the dispute and the ACAS does not exert pressure on either party in order to achieve a settlement. The council of the ACAS considered the impact of the Government's pay policy (see pp 269, 318, 1975) on its conciliation facilities and decided that such facilities should be available to help parties in their negotiations as before but that, as an independent body, it should not act as an interpreter or enforcement agency for the policy; and that where doubts arose, it would suggest that the parties consult, where appropriate, the Confederation of British Industry or the Trades Union Congress or seek an interpretation from the Department of Employment.

Arbitration, Mediation and Investigation

The ACAS provides an arbitration service for settling trade disputes whereby one or more independent persons appointed by it determine issues on which the parties concerned are unable to agree. The ACAS may refer a dispute to arbitration only with the consent of both parties and, before doing so, considers whether the parties can reach agreement by any agreed procedures for the settlement of disputes or through conciliation. Requests for arbitration frequently arise out of the process of conciliation, though in many cases disputes are referred directly by the parties, and then often under the terms of procedure agreements. The ACAS maintains a list of persons who act as arbitrators and who are appointed on each occasion to deal with particular disputes; once appointed, an arbitrator is responsible for the case and prepares his report and award independently.

Table 2 shows that a total of 381 cases were referred to arbitration, mediation or investigation during the first 16 months of the ACAS's existence (306 in 1975), representing a large increase compared with references made earlier by the Department of Employment; there was a fivefold increase in arbitration hearings between 1973 and 1975. The table also shows that of the issues referred to arbitration, 30 per cent were general pay disputes, 49 per cent were other pay issues or concerned conditions of employment (including grading), 16 per cent were dismissal and disciplinary cases, while the remaining 5 per cent dealt with recognition, demarcation and other issues. As with conciliation, the council of the ACAS considered the implications for arbitration of the Government's pay policy and recommended arbitrators to include in their awards, where appropriate, a statement that they were not empowered to give an authoritative ruling as to whether the award conformed with the policy and that if the parties had doubts on that aspect they should seek the advice of the appropriate authorities.

Table 1

Completed conciliation cases[1] analysed by cause of dispute and source of request

	Union 1975	Employer 1975	Joint 1975	ACAS 1975	Total 1975	Total Sept.–Dec. 1974	Total Sept. 1974 –Dec. 1975
Pay and terms and conditions of employment	574	197	339	38	1,148	338	1,486
Recognition	334	43	37	2	416	131	547
Demarcation	6	13	3	2	24	6	30
Other trade union matters	20	15	12	2	49	15	64
Redundancy	56	22	21	3	102	14	116
Dismissal and discipline	109	38	51	10	208	56	264
Others	30	14	23	3	70	18	88
Total	1,129	342	486	60	2,017	578	2,595

[1] Excluding conciliation on individual complaints of unfair dismissal.

In some disputes mediation appears to provide the most appropriate method of reaching a settlement. Mediation is carried out by an independent person who makes recommendations as to a possible solution. Mediators have been appointed as independent chairmen of committees to decide certain issues (for example, at the final appeal stage of a job evaluation scheme); to undertake the role of conciliators and, should this fail, to make recommendations which the parties could use as a basis for further negotiations; as independent chairmen of joint working parties; and to carry out inquiries and investigations. In the period reviewed 13 single mediators and four boards of mediation were appointed.

The ACAS also provides facilities for *ad hoc* courts of inquiry or panels of investigation to inquire into particular disputes. These usually comprise a chairman and two side members. During the period under review, two panels of investigation and one court of inquiry were set up; reports on all three have been published.

Advisory Work

The advisory work of the ACAS has both long- and short-term aims. In the long term its purpose is to help management and unions to create constructive relationships in which change can take place smoothly and differences be resolved before they become disputes, while in the short term it aims to help them to deal with current difficulties.

Advisory work arises largely from requests by employers and unions for information or assistance with some specific problem. Many inquiries are dealt with by telephone but usually an adviser visits the organisation for discussion. The visit may be a short one lasting about half a day to discuss a particular issue or to provide information on some specific point, though some advisory work consists of a series of planned visits to an organisation, usually spread over some months, to assist with a particular project or programme of work. Over 9,000 visits were paid between September 1974 and December 1975.

Though a majority of requests for advice came from employers, a notable trend in 1975 was the increasing number of joint requests from management and unions. Surveys and projects always had the active support of both sides and a number of surveys and projects in 1975 arose from collective conciliation; advisory projects were undertaken to help solve disputes or as a means of preventing them.

Of the short-term advisory visits made during the period 27 per cent dealt with payment systems, including equal pay and job analysis, job evaluation and work study; and 35 per cent were concerned with other industrial relations questions including negotiating and consultative machinery, procedures and communications. Of the surveys and projects, 34 per cent were concerned with payment systems and job analysis, job evaluation and work study, and 21 per cent were concerned with other industrial relations problems. Detailed information is given in Table 3.

Inquiries

ACAS inquiry work is concerned with longer-term investigations relating to industrial relations generally or to industrial relations in particular industries or companies. An inquiry, which must have the voluntary co-operation of all the parties

Table 2

Arbitration, mediation and investigation: cases[1] referred analysed by cause of dispute

	Sept. 1974 –Dec. 1975
General pay claim	114
Other pay matters and terms and conditions of employment	186
Recognition	4
Demarcation	6
Other trade union matters	4
Redundancy	1
Dismissal and discipline	60
Others	6
Total	381

[1] Excluding cases where ACAS has assisted with private arbitration arrangements

Table 3
Advisory work analysed by subject[1]

	Sept 1974–Dec 1975	
	Surveys and projects	Short advisory visits
General industrial relations questions	31	3,762
Management and personnel problems and organisation	34	2,313
Pay and payment systems	48	1,859
Labour turnover, absenteeism and timekeeping	72	1,322
Job analysis, job evaluation and work study	48	876
Redundancy	—	835
Grievance, dispute and disciplinary procedures	30	2,211
Training	4	464
Recruitment and selection	19	445
Communications	2	810
Manpower planning	9	99
Productivity bargaining	3	77
Employee services	3	280
Contracts of employment	1	1,156
Equal pay	9	3,112
Job satisfaction	3	165
Consultation	3	885
Others	2	1,063
Total	321	21,734

[1] Where a survey, project or short advisory visit dealt with more than one subject, it has been listed under each of those subject headings

concerned, can take a variety of forms ranging from an extensive study of the way a whole industrial relations system is working in a particular industry, company or plant to a more limited study of a particular problem area – which might be the operation of the disputes or negotiating procedures, the working of the payments system or a problem associated with the representation or recognition of a group of employees. An inquiry involves a thorough and systematic collection of information and a careful consideration of the views of those concerned followed by a detailed analysis and evaluation; on the basis of a draft report, the parties are then engaged in discussion in an endeavour to reach general agreement. The process is quite distinct from that of panels of investigation (see p 212) which conduct their procedures in a more formal manner.

Individual Conciliation

The Trade Union and Labour Relations Act 1974 (see pp 159-61, 323, 1974) established for employees in most classes of employment the right not to be unfairly dismissed and enabled an employee who considered that he had been unfairly dismissed to seek a remedy by complaint to an industrial tribunal. The ACAS has the responsibility of trying to promote a settlement either in response to a request from the complainant or the employer or, if it is considered there is a reasonable prospect of success, before the complaint goes forward to a tribunal hearing; this responsibility was extended as from 29 December 1975 to cover conciliation on complaints under the Equal Pay Act 1970 and on complaints on employment matters under the Sex Discrimination Act 1975 (see pp 165-7, 498, 1975).

Between 2 September 1974 and 31 December 1975 more than 34,000 cases of alleged unfair dismissal were reported to the ACAS, of which 28,152 had been dealt with by the end of 1975; nearly 60 per cent of these were resolved without reference to an industrial tribunal. Of all cases dealt with, about 31 per cent were settled by conciliation and 23 per cent were withdrawn.

New Functions

The ACAS, which was placed on a statutory basis under the Employment Protection Act 1975 (see pp 212-5, 1975) will have an important part to play in implementing many of the provisions of this Act and has taken on new responsibilities in relation to the Equal Pay Act 1970 and the Sex Discrimination Act 1975. As a result it will become involved in providing conciliation, arbitration, advice or inquiries on a much wider range of employment issues; in particular, the service will be responsible for making recommendations on questions of trade union recognition and for preparing codes of practice. In exercising its new functions, the report states, the ACAS will try to maintain and build on the confidence of both sides of industry.

Transport

TRANSPORT POLICY REVIEW

The Government's preliminary ideas for a new transport policy for Great Britain, including acceptance of its responsibility to maintain a basic public transport network to ensure mobility for those without access to a car, the need to re-examine the role of general transport subsidies, and the establishment of a national council to keep transport objectives under continual review, are contained in a consultative document, published in two volumes on 13 April.[1] The review relates to Great Britain and does not consider directly transport in Northern Ireland; the Secretary of State for Northern Ireland will be examining the relevance to Northern Ireland of the issues raised. The Secretary of State for the Environment, Mr Peter Shore, in a statement in the House of Commons on 13 April (*Hansard*, cols 1146-9) said that the document represented the first stage of a comprehensive review of transport policy, the first of its kind for ten years, which had been undertaken to examine the major transport trends and the problems that had arisen. Interested parties (transport industries and organisations,

[1] *Transport Policy. Volume 1.* HMSO, £1·35. ISBN 0 11 550397 8. *Volume 2.* HMSO, £1·70. ISBN 0 11 550403 6. Volume 1 contains the main proposals and discussions and Volume 2 has seven papers which are designed to give more detailed technical information on some of the subjects in Volume 1.

management, trade unions, local government and the public) were being invited to submit their views by the end of July 1976 and he hoped to make a further statement after the end of consultations.

Trends in Transport

The document notes the continued growth in importance of private motoring and the decline in the use of public transport. Private motoring accounted for 79 per cent of passenger-kilometres travelled in 1974. Over 50 per cent of households own a car (over two-thirds in many rural areas) and the proportion is expected to rise. Total usage of public transport has declined, particularly of local buses where the number of passengers has fallen by 4 per cent a year in the last ten years. However, the level of services has not been cut back so heavily, except for some sharp reductions of bus services in rural areas. Public transport fares have risen at a faster rate than the costs of private motoring and retail prices as a whole. Improvements in productivity in passenger transport have slowed down in recent years, while wage costs have risen sharply. Road freight traffic rose by over one-third between 1964 and 1974, when it accounted for 65 per cent of traffic in terms of tonne-kilometres, but traffic on other modes, except pipelines, fell during this period. Increased road freight has been catered for by increases in the size of lorries, half the traffic being carried in vehicles of over 8 tons (1 ton = 1·016 tonnes) unladen weight. All the main nationalised industry carriers of passengers or freight – the British Railways Board, the British Waterways Board, the National Bus Company, the National Freight Corporation and the Scottish Transport Group – are unprofitable.

Provision for public expenditure on inland surface transport for 1975-76 was about £2,400 million at 1975 prices comprising £332 million on investment by the nationalised transport industries (including the docks), £130 million on investment by local government in buses and local railways, £790 million on the construction and improvement of roads and car parks, £585 million on current expenditure on road maintenance and administration and over £600 million on subsidies to transport operators, mainly the railways. The White Paper on public expenditure (see pp 110-13) envisages a fall in transport expenditure by 1979-80 to just under £2,000 million at 1975 prices. Since 1973-74 there has been a shift in public expenditure from roads to public transport and this is planned to continue.

Objectives

The prime objective of transport policy, as noted in the document, is to obtain an efficient system which provides good transport facilities at the lowest cost in terms of the resources used. This cannot be left to market forces as there are three other important objectives: a social objective to ensure that everybody has reasonable opportunities for mobility, in particular, by meeting the public transport needs of those without access to a car; an environmental objective, to which the Government intends to give more emphasis, to protect the community from the impact of transport on the environment through noise, fumes and visual intrusion; and a resources objective to secure the efficient use of scarce resources, notably energy. Other factors which are taken into account are the interests of employees and the desire to leave as much freedom of choice as possible to users and local authorities. Limits on public expenditure are a major constraint in implementing these objectives, and transport has to compete for available resources with the more urgent demands of housing, and health and social services.

Role of the Government

The Government's role is to set a broad framework for a transport policy (which balances these objectives and takes account of its economic and industrial policies), to guide local authorities in the development of their local plans and policies for transport, to provide most of the money needed to carry out policies, and to ensure that the transport industries are organised so as to provide efficient and co-ordinated services which are responsive to public needs. Within the national policy framework, local authorities are expected to shape their policies to meet local needs, to ensure that adequate transport services are provided and to ensure that transport plans are properly integrated with long-term land-use plans. Better arrangements for co-ordination between the major transport interests and the Government are required and the Government proposes to discuss with interested parties the formation of a national transport council, on which the main transport interests would be represented, with a minister as chairman, to advise on and investigate transport subjects. A more positive Government role in large-scale long-term developments is needed to avoid dangers of duplication and the Government proposes to undertake a study of the long-term demand for, and provision of, intercity public passenger transport. Substantial changes are suggested in pricing policy affecting subsidies and taxation including the reduction of general subsidies, especially to the railways; a restructuring of vehicle excise duty to reflect the costs caused by different types of goods vehicle; and the elimination of the subsidy to railfreight.

Local Bus Services

Bus services are much more important in providing local public transport than are the railways, except in some parts of London and south-east England. Continuing financial assistance for bus services will be necessary, but general subsidies to fares are ineffective because they do not reduce congestion as few car drivers are attracted to using the buses. However, concessionary fares for the elderly, blind and disabled are justified, although schemes vary from area to area, and the Government is setting up a working party to examine current practice with a view to obtaining the maximum social benefit from these schemes. Experimental transport schemes are to be undertaken in some rural areas to test what can be done to help rural communities which no longer have access to conventional public transport. Other ideas put forward for consideration include a simplification in the structure of the bus industry,[1] the greater involvement of local authority

[1] The present structure of the bus operating industry is described in COI reference pamphlet, *Inland Transport in Britain*, R5633/76.

representatives in the running of the industry, a review of licensing of bus services and the substitution of bus services for heavily subsidised rail services in some areas.

Railway Services

The document notes that all sections of the passenger and freight railway services are unprofitable and the railways received a subsidy of over £400 million in 1975 and over £3,000 million of financial support in subsidies and writing-off of capital in the last 20 years. Social, environmental and economic considerations do not seem to justify this large subsidy, particularly as the main users of subsidised services are members of better-off households or business travellers. A set of objectives suggested, to contain the British Railways Board's deficit, would be for inter-city services to operate on a viable basis, for commuter services in London and south-east England to meet nearly all their costs, and for losses on other passenger services to be substantially reduced. This would probably involve a combination of drastic economies, substantial fare rises and cuts in services. Railways should concentrate increasingly on those activities for which they are best suited, especially bulk freight, fast inter-city passenger services and heavily used commuter services. Considerable scope exists for manpower savings and higher productivity. Development of new rail policies will involve discussions with British Rail, the railway trade unions and other interests including local authorities.

Freight

The Government is providing temporary financial assistance to the National Freight Corporation to help to cover its loss of some £30 million in 1975, while a review is proceeding to examine ways of eliminating the deficit. It remains the Government's intention to extend public ownership in road haulage, although a major reorganisation in the present economic conditions would not be appropriate. Other proposals on road freight include a national system of lorry routes (see p 94), measures to improve the standards of construction of goods vehicles, and licensing of transport managers to raise standards of management. No large-scale shift of freight from road to rail is possible as the vast majority of freight movement is over short distances. The Government intends to re-examine railfreight operations in the light of a fundamental review being carried out by the British Railways Board.

Roads

Public expenditure on roads is planned to fall in real terms, with some low priority schemes being deferred and maintenance standards reduced, while ensuring that roads are sufficiently maintained not to break up under heavy traffic or frost. Additional roads and improvements to present roads will, however, continue to be needed, if Britain's economy prospers, to meet the substantial increase in traffic forecast, a minimum of nearly 50 per cent over the next 15 years. Priority is being given to the strategic inter-urban network of motorways and trunk roads, particularly roads connected with offshore oil developments and the central motorway network in Scotland and the M4 motorway in south Wales, and greater importance is being given to schemes bringing significant environmental gains, such as by-passes of historic towns and of heavily congested areas. Expenditure on new roads in urban areas will be at a much lower level than previously, as there are better ways of tackling urban traffic problems, and urban road construction has proved more expensive and disruptive than originally forecast. In future, the emphasis will be on making the best use of existing roads, improvements being linked to comprehensive traffic management schemes.[1] Parking control is likely to remain the best means of curbing traffic flows to city centres as more elaborate schemes, such as road pricing and supplementary licensing, are too complex and expensive for most cities. The Government proposes to set out its policy on roads in an annual White Paper.

Human error is the main factor involved in road accidents, which cost about £850 million a year in police and hospital costs and lost output. The policy which would contribute most to an improvement in road safety is the compulsory wearing of seat belts and this is provided for under the Road Traffic (Seat Belts) Bill (see pp 121-2). The effectiveness of the law on drinking and driving is being considered (see p 216). Other Government proposals on road safety include restriction of the maximum designed speed of mopeds (two-wheeled motor vehicles not over 50cc and equipped with pedals), improvements in the design and construction of coaches, and improvements in the quality of driving instruction and testing.

Other Modes of Transport

The document summarises the Government's view of the part played by other types of transport. Two-wheeled motorised transport is convenient and helps to avoid congestion in towns, but is noisy and more dangerous than other types of motor vehicle. Pedal cycles provide cheap, personal transport and do not cause pollution or create excessive noise. However, cyclists are vulnerable to accidents, particularly in heavy traffic. Only for short journeys are bicycles a serious alternative to cars or public transport but they provide a 'useful reserve' in rural and semi-rural areas. Local authorities are justified in examining the case for improving facilities for cyclists where conditions are suitable. Sea transport is the most efficient form of transport in terms of energy and coastal shipping is important for freight movements, mainly of petroleum products, while sea-going passenger services around the coasts of Great Britain are important for the Scottish islands. Pipelines contribute a small but growing share of freight transport, mostly of petroleum products, and there are prospects for the use of pipelines to carry bulk solids and waste products. The small number of internal air journeys is a reflection of the country's size and comprehensive road and rail network. Many domestic air services have been operated at a loss and the Civil Aviation Authority (CAA) has emphasised that they should be made profitable as soon as possible. The CAA is required to consider,

[1] Detailed information on the present types of traffic management schemes is given in COI reference pamphlet, *Town Traffic in Britain*, R5860/75.

in its licensing of airline services, the desirability of avoiding unprofitable duplication of transport services. Freight carried on the inland waterways has been declining for many years and their future role is limited because they are too narrow and shallow for the size of craft which it would be economic to operate. The Government's grant-in-aid to the British Waterways Board has been growing and amounted to £8 million in 1975. A review is to be undertaken of policy towards the waterways, while detailed consultations are to go ahead on the proposal to merge the board with a new national water authority (see p 174).

DRINKING AND DRIVING

Proposals for tightening the law on drinking and driving are contained in a report of a departmental committee, under the chairmanship of Mr Frank Blennerhassett, published on 28 April.[1] The Minister for Transport, Dr John Gilbert, said in the House of Commons on that day (*Hansard*, written answers, cols 101-2) that, after considering the views of interested parties, he hoped to make a statement during the summer of 1976.

Background

Under the Road Safety Act 1967 (see pp 1209-10, 1966), which strengthened existing measures to prevent drinking and driving, a maximum permissible blood alcohol level for drivers was set at 80 milligrams of alcohol in every 100 millilitres of blood. The Act resulted in the prevention of 5,000 deaths (including 1,000 in the first full year of operation) and nearly 200,000 other casualties, greater than the savings from similar laws in other countries. However, the committee notes, the initial impact has worn off; the proportion of drivers killed in accidents who have a blood alcohol concentration above the legal limit – 35 per cent in 1974 – is higher than before the Act and the social cost of road accidents involving alcohol is over £100 million a year.

Proposals

The committee believes that the present 80 mg/100 ml limit should not be altered. However, it recommends changes in the method of testing so that the analysis of breath, already used for the roadside screening test, should be the normal test procedure for determining blood alcohol content, as in several other countries, replacing the sampling of blood, although a suspect whose breath analysis was positive should have the right to provide a blood sample for analysis. This system would be more convenient for police and suspects and would lead to economies by largely eliminating the need to take blood samples. (Home Office scientists are to evaluate new devices for analysing drivers' breath.) Many loopholes have been found in the Act and, to remedy these defects and provide the basis for effective enforcement, the committee recommends that limitations on the powers of police to stop and test drivers should be removed. Disqualification from driving for a year or longer should continue to be the main penalty, but in high-risk cases (those with a blood alcohol concentration of over 200 mg/100 ml, second offenders and those who refuse to provide specimens) licences should not be restored until the court is satisfied that the offender does not present undue risks as a driver. The committee proposes a continuing publicity programme to develop informed and responsible attitudes to drinking and enlist public support for the law, and notes that social and road safety education should prepare schoolchildren to cope with this major hazard of young adult life.

[1] *Drinking and Driving*. Department of the Environment. HMSO £1·05. ISBN 0 11 550396 X.

Review of Tourism

A review of the prospects for Britain's tourist industry, entitled *Tourism in Britain – The Broad Perspective* (ISBN 0 85630 275 9), was published jointly on 28 April by the British Tourist Authority and the English, Scottish and Wales Tourist Boards (the four statutory bodies responsible to the Government for promoting and developing tourism in Britain). The publication (price 75p) is available from each of these organisations.

The review is intended as a guide for all those concerned with planning for tourism – the Government, local authorities and providers of tourist facilities generally.

The main argument of the review is that continuation of the growth that has taken place in the British tourist industry in the last decade or so (bringing foreign exchange earnings from tourism to £1,450 million in 1975) cannot be taken for granted. The world market is becoming increasingly competitive and inflation has magnified operating costs and threatens to reduce both private investment in the industry and Government grants-in-aid to the tourist boards. To ensure a continuation of growth an immediate increase in marketing activity and co-ordinated planning among all those concerned with the future of the industry are essential. The tourist boards should play a key role in ensuring joint activity.

The review is subdivided into three main sections, dealing with current trends and issues in the tourist industry, the benefits, costs and objectives of the industry and a desirable framework for planning in tourism.

Trends and Issues

The review states that despite current economic difficulties the home market for tourism is likely to remain steady, while there is firm ground for optimism about the overseas market. Total overseas tourism to Britain has outpaced the advance of tourism on the world front. The annual growth in the numbers of visitors to Britain over the period 1964-75 has averaged not far short of 10 per cent. Britain's percentage share of world tourism has increased in that time from 3 to 4 per cent. In expenditure terms the indications are that the growth of British tourism has comfortably outstripped that of the rest of the world taken as a whole. Even in 1974, a difficult year, Britain's overseas tourism record was a good one and 1975 was a boom year, with the largest increase

in the number of visitors since 1970 and expenditure much higher in real terms. The strong suggestion is that Britain's image, the movement of international fashion and variations in exchange rates have favoured the prospects for overseas tourism to Britain. The image of the country is vulnerable, however, and to keep this favourable trend Britain must restrain increases in prices and maintain her standard of services.

The review comments on the rich variety of tourist resources that Britain offers, although with regard to accommodation it notes that there is a surplus of higher-priced hotels. It emphasises the need for those who manage tourist facilities to improve marketing techniques and take new initiatives to exploit untapped resources. The review briefly surveys the availability of transport to and within Britain. While recognising that London will remain the main international air gateway to the country the tourist boards favour the creation of international airports in the regions.

Benefits, Costs and Objectives

The review states that tourism benefits the country in many ways: by earning foreign exchange; by creating employment, often in less economically developed areas; by helping to maintain the viability and standards of amenities, entertainments and public services; by helping to pay for the maintenance of some historic properties; and by contributing to tax revenue. On the other hand, tourists can cause congestion and are sometimes felt as an intrusion. Careful planning can minimise these problems, however, and indeed it is in the interest of the industry so to do.

In addition to aiming at the extension of the benefits listed above, the tourist boards have as an objective the development of tourism in the poorer regions of the country.

A Framework for Planning

The British Tourist Authority and the tourist boards have a twofold planning requirement: to produce a marketing strategy to create demand, and a development strategy to ensure supply. The former is a relatively short-term task and calls for close co-operation between the boards and commercial tourist interests. Development strategies, which may involve substantial investment, generally take longer to formulate; they involve the co-ordination of planning at all levels by transport operators, airport authorities, public utilities, local authorities and the Government. The review lists some of the main development requirements over the next few years. It concludes by indicating the possibilities for co-operation between the tourist boards and both the public transport operators and commercial tourist enterprises.

Rank Prizes

FIRST AWARDS

The first awards made by the Rank Prize Funds, set up in 1972 (see p 213, 1972) by the late Lord Rank and comparable to Nobel Awards, were announced on 6 April. The prizes are awarded to those who have made outstanding advances in two fields not covered by the Nobel Prizes – the sciences of nutrition and crop husbandry, and of opto-electronics, in both of which Lord Rank had a special interest.

Prize for Nutrition

The Rank Prize for Nutrition and a cheque for £15,000 were awarded to N. W. Pirie of Rothamsted Experimental Station, Harpenden, who, according to the citation, 'was the first to tackle the problem of extracting in bulk the protein from plant leaves and stems. His work has demonstrated the means by which this valuable food material, which is not normally available to monogastric animals [with one stomach], might be exploited for both human and animal nutrition. By combining plant biochemistry with engineering, N. W. Pirie's work defined the plant types and processing procedures that could lead to the most effective isolation of leaf protein. While his original work was aimed at improving human diet in protein-deficient areas of the world [see *New Sources of Protein,* NST 49], more recently there has been an expansion in the application of similar procedures to livestock production in the developed world. From N. W. Pirie's pioneering work a new technology is developing, which enables man and his domestic animals to secure a more abundant supply of food.'

Prize for Opto-electronics

The prize for opto-electronics has been awarded to three scientists working at the Royal Radar Establishment (RRE), now known as the Royal Signals and Radar Establishment (RSRE), at Malvern, Worcestershire, on the original study of semiconductors which led to the discovery of cadmium mercury telluride (CMT) as a convenient practical detector of infra-red radiation. William Donald Lawson receives £15,000; Dr Stanley Nielsen £7,500 and Alexander Scott Young £2,500.

A considerable industrial technology is now being built up in CMT detectors throughout the world as a result of the RRE discovery.

It was Lawson who used CMT detectors to make fast sensitive thermal images to observe thermal patterns and to see and to photograph people moving in total darkness. Part of the award citation reads: 'The invention, which is now employed in many countries of the world, has successfully opened up the practical exploitation of an important part of the electromagnetic spectrum for the benefit and use of mankind.'

The importance of cadmium mercury telluride is that it provides fast sensitive detection of infra-red radiation, enabling it to be converted into a visible picture of an object showing all its thermal patterns.

The existence of infra-red radiation was discovered as early as 1800 by Sir William Herschell when he was probing the heating effect of the sun's spectrum with a blackened thermometer bulb. He found that the greatest rise in temperature occurred beyond the red end of the visible spectrum. It became gradually established that infra-red radiation was just another form of electromagnetic radiation, similar in form to visible light but with a longer wavelength. The

physical laws of its emission were proposed by the early 1900s and verified by laboratory experiments using slow 'thermal' detectors which relied on its heating effect. Little practical use was, however, made of infra-red radiation for lack of fast sensitive detectors.

Later studies of the electronic properties of solids were revealing a new family of hitherto unknown materials – semiconductors – with electrical properties mid-way between metals and insulators. These studies led to the invention of the transistor. It became apparent to scientists at the then RRE that semiconductors could, if prepared in the right way, be turned into infra-red detectors, which would be fast and sensitive because the radiation could be made to interact directly with electrons to give an instantaneous electrical signal. A particular arrangement of electrons in the semiconductor is required; no simple semiconductor provides this but the Malvern team discovered that by mixing cadmium telluride and mercury telluride, carefully purified beforehand, in the correct proportions to form cadmium mercury telluride, a semiconductor with just the right properties could be made. Good fast practical detectors of the infra-red emitted from everyday objects then became available for the first time. This discovery was made in 1958.

Picture-forming equipments were then made using CMT detectors at the focus of an optical scanning system. The electrical signals generated from the detectors are used to form a black and white picture, resembling a television picture of the scene with warmer objects appearing brighter on the display.

The CMT detectors are fast enough to provide flicker-free pictures and show fast-moving objects, and sensitive enough to detect temperature differences as small as one-twentieth of a degree.

Thermal imaging has already proved to have many valuable applications. For instance, it can show flaws in industrial furnaces, boilers and heat exchangers and in any industrial process involving heat; it can help firemen and other emergency services through smoke-filled buildings, and it can monitor heat losses and insulation.

An important growing use is in medicine where thermal patterns and hot or cold spots, previously undetectable, can provide doctors with valuable new information about the health of the patient. Circulation defects and the depth and extent of burns can be readily detected. The varicose veins in a leg can be located quite accurately. Any area thermally different from its surroundings shows a potential danger meriting closer examination; for example early warning of possible breast cancer can be given since the active growth generates abnormal heat. Thermal imaging or thermography has the great advantage of being quite harmless to the patient.

Airborne scanning equipment is being used to map the flow of industrial and power station effluents in river estuaries and coastal areas, possible because the effluent is usually warmer. It is also being used for geothermal and mineral resource surveys, for animal counts in remote areas, to detect diseased or undernourished crops and trees, to locate the exact position through smoke of forest and heath fires, and more recently to show heat losses from buildings.

CMT detectors are also being used with carbon dioxide lasers for ranging and communications where the speed and sensitivity enable fast systems with wide bandwidths to be built up.

Metrication Board

SEVENTH REPORT

The main conclusion of the seventh report of the Metrication Board,[1] published on 13 April, is that the metric changes in Britain should be completed as soon as practicable. The need for this, says the report, is underlined by the fact that full membership of the European Community carries with it an obligation for Britain to adopt the metric system and abandon general use of imperial units by the end of 1979.[2] The signing, at the end of 1975, by President Ford, of the United States Metric Conversion Act, authorising the establishment of a United States Metric Board and giving the backing of the Administration and Congress to a decision already reached by many United States companies as a matter of commercial judgment, removes, the report says, any remaining reasons for delaying the change in Britain. Consumer organisations continue to press for a speedy conclusion of the transition period in the interests of their members. Discussions with retailers and retail organisations indicate that the setting of an 'M' day for each sector of the retail trade, ending the use of imperial units of measurement, is indispensable if the trade is to go metric in an orderly fashion. [For background see *Metrication in Britain*, COI, SN5973 (under revision).]

Main Developments in 1975

The main metric developments in Britain in 1975 were: approval by Parliament of Orders permitting the retail sale of breakfast cereals, flour and flour products, oats and oat products and dried vegetables in prescribed metric quantities – Orders are still necessary in respect of a further 11 groups of foodstuffs; changing in February by many retailers to metric units for sales of dress and furnishing fabrics and carpets; the extensive use of metric units in a large number of consumer and technical periodicals, both for editorial copy and features; metrication of postal tariffs in September; the start of the metrication programme – expected to be completed by the end of 1976 – for agriculture,

1 *Going Metric – Progress in 1975*. HMSO, £1·35. ISBN 0 11 7003107.

2 A new draft EEC directive, not yet adopted but made after extensive consultations in Britain with trade associations, professional bodies and Government departments, seeks to amend the original Units of Measurement Directive accepted at the time of the Treaty of Accession (to the Community) to reflect the pace of metrication changes in Britain. The draft directive does not establish a precise date for phasing out certain units including the pound, the ounce and the pint and provides the possibility of some flexibility for the Government to decide its own timetable (*Hansard*, 26.3.76, written answers, cols 317-19). If the draft directive is not adopted the existing Units of Measurement Directive will continue in force and the British Government remains committed to completing the metrication programme in an orderly fashion (see *Hansard*, 12.4.76, cols 892-3).

horticulture and related industries; and further progress by the engineering industries in their transition to the use of metric units.

The report concludes that the main areas where early further progress is necessary are road speed limits and distance signs and the fuel and power and retail sectors including the sale of motor vehicle fuel.

The report records the board's satisfaction that the Government intends to amend the weights and measures legislation in order to permit the phasing out of imperial weights and measures [the second reading of the Weights and Measures (Metrication) Bill, due on 23 March, was, however, deferred for further consultation]; and to make further Orders in respect of the remaining prescribed quantity goods (foodstuffs: see above).

Recommendations

To ensure the early completion of the metrication programme the board recommends that the Government should clearly state, and make widely known, the need to complete the programme quickly. The Government should seek early amendment of the Weights and Measures Acts and should begin consultations directed to the setting of terminal dates for the use of imperial measures in retail trade. Parliamentary approval should be sought at an early date for further Orders to allow the 11 remaining groups of prescribed quantity goods to be sold in metric packs; and for the setting of definite dates for ending the use of imperial packs.

The public and private sectors of the economy should review their production, trading, purchasing and other operations to ensure that the transition to the use of metric measures is completed as quickly as practicable.

The Department of the Environment should immediately prepare and announce a metrication programme in respect of road speed limits and distance signs.

The Department of Energy should announce its approval of the fuel and power industry's agreed metrication programme and indicate the Government's intention to introduce the legislative changes required.

Progress Overseas

Forty-five overseas countries, representing a population of over 620 million, are now changing to the metric system. Together with countries which already use it, they account for over 99 per cent of Britain's international trade. Until the change in Britain is complete, many British exporters are, according to the report, at a disadvantage in having increasingly to produce goods in metric units for overseas markets while continuing to produce in imperial units for the home market.

Countries where the metrication programmes are well advanced include Australia, New Zealand, Nigeria and South Africa. Progress is also being made in Canada, the Irish Republic and Pakistan, while in the United States industry has been getting on with the change in advance of the metric legislation which has now been passed by Congress. All these countries are important overseas markets for Britain.

The Crown Agents

A White Paper outlining the Government's proposals for the future of the Crown Agents[1] was published in April 1976. These confirm the Government's intention, as stated by the Minister for Overseas Development, Mr Reg Prentice, in October 1975 (see p 448, 1975), to introduce legislation which would confer an independent legal personality on the Crown Agents by incorporating them, define their functions for the future, and provide specified powers of direction for ministers. At the same time, the White Paper emphasises that the proposed legislation is not intended to disturb the traditional relationship between the Agents and their principals (clients), and reaffirms that the customary standards of confidentiality shall continue to be strictly observed in respect of the Crown Agents' transactions on behalf of their principals. The future role and structure of the Agents, as envisaged in the proposed legislation, is summarised below.

Functions

As at present, the Crown Agents will be empowered to act on behalf of Governments and public sector organisations, such as railways, universities and central banks, and will continue to provide services for the Dependencies and Associated States. As is already the case, they will not be permitted to act for private concerns, other than charities.

The range of their services – professional, technical, commercial and financial – will also remain unchanged, except that it is envisaged that the level of deposits handled on behalf of principals will be reduced in consultation with the countries concerned over a period of years, in keeping with the level of the Agents' other services. Principals will remain able to maintain accounts with the Crown Agents to meet payments for services which the Agents render.

Organisation

The Agents' present title, 'The Crown Agents for Overseas Governments and Administrations', will be retained when they become a public corporation. The Board of Crown Agents, appointed as at present by the Minister for Overseas Development, will be responsible for the day-to-day management of the business but will be subject to ministerial direction on matters of general policy.

Financial Provisions

The Agents will be incorporated with a capital structure and borrowing powers appropriate to their assets, liabilities and ongoing activities. They will be instructed to conduct their business so as at least to break even and the Minister may give them further financial targets and directions as to the disposal of surpluses. They will be required to account separately for the existing assets and

1 *Future of the Crown Agents*, Cmnd 6445. HMSO, 30p. ISBN [0 10 164450 7.

commitments, the cause of earlier financial difficulties, which are not to be retained in the longer term. This will mean that the progress made with their disposal will be clearly shown, so as not to distort the picture provided by the accounts of the new corporation's ongoing business. Each year the Agents will be required to prepare a statement of accounts, in an approved form, which will be audited by the Comptroller and Auditor General, and laid before Parliament.

Ministerial Powers

The relationship between the Crown Agents and the British Government will be on the lines of that between the Government and other public sector bodies. The Minister will be answerable in Parliament for the Crown Agents' general activities but not for their day-to-day operations. His powers of direction will not normally extend to activities carried out by the Crown Agents solely as agents for an overseas customer.

SOCIAL AND CULTURAL AFFAIRS

Health Services

NATIONAL HEALTH SERVICE AND PRIVATE PRACTICE

The Health Services Bill, designed to separate private practice from National Health Service hospitals, received its second reading in the House of Commons on 27 April (*Hansard*, cols 200-338).

Opening the debate, Mr David Ennals, Secretary of State for Social Services, stated that the issue of the private treatment of patients in National Health Service (NHS) hospitals had led to great controversy and division within the NHS and the country as a whole. The NHS had been founded on the principle of a health care system free at the point of use and available to all on the basis of medical priority alone. Some people argued that citizens had a right to be free to purchase medical treatment and that medical practitioners had the corresponding right to offer their services to people willing to pay. The pay beds system gave the opportunity for private practice to be exercised within a service dedicated to a free and public service[1].

Mr Ennals commented that the situation had not been a happy one and that many staff in the NHS were offended by what they saw as greater attention being paid to private patients than NHS ones. The issue had led to divisions in the NHS, with industrial action being taken by some staff opposed to pay beds and by some doctors protesting against their withdrawal. Mr Ennals emphasised that any industrial action was wholly unjustified and that the argument could only be resolved democratically through Parliament. The Government was therefore acting to end the conflict within the NHS over the pay beds issue by putting forward the Bill.

Separation of Private Practice

Mr Ennals stressed that the Government had endeavoured to incorporate in the Bill the December 1975 proposals made after consultations with the medical profession (see pp 40-1). Under the Bill private practice would be phased out from NHS hospitals, but the right of doctors and dentists to work both privately and for the NHS would remain. The Bill also seeks to regulate the private sector of medicine.

[1] The charges for private treatment cover all medical and nursing services, drugs, appliances, accommodation, catering and a contribution towards capital costs. In cases where patients have made private arrangements with their own consultant, the charge made by the NHS includes everything except the consultant's fees.

Within six months of the Bill becoming law, 1,000 pay beds would be withdrawn by the Government after consultations with the medical profession. The timetable for the withdrawal of the remaining pay beds (about 3,500) would be determined by a new Health Services Board which would be entirely independent and would consist of a chairman, two members appointed after consultation with the medical and dental professions, and two after consultations with NHS trade unions and representatives of patients' interests. There would be special committees for Scotland and Wales. Assessors would be appointed to assist the board and its committees.

The board would be required to make proposals every six months for the reduction of pay beds. It would have to take into account the demand for private medicine in each area, the private facilities already reasonably available and the steps taken to provide them. No alteration in the number of pay beds (other than the first 1,000) would be made by the Secretary of State without a recommendation of the board which would be binding on him. The board would also give consideration to the phased withdrawal of NHS facilities used by private outpatients.

Under the Bill, NHS accommodation and facilities might be made available to private patients for specialised treatment, if such facilities were not available in the private sector and it were in the interests of the NHS for such services to be given at a NHS hospital. These private facilities would be available on the understanding that there would be no disadvantage to NHS patients. The fees paid for the services of full-time NHS consultants could be retained by the health authority and used for medical research. If the consultant were employed by a medical or dental school or university, the health authority could pay the sum to the school or university for the purposes of research. Part-time consultants could, as now, retain their fees. Charges made would include reasonable provision for capital expenditure. All these requirements would apply equally to private patients from the United Kingdom and to those from overseas.

Regulation of the Private Sector

The Bill is also concerned with the regulation of the private sector to ensure that private health arrangements outside the NHS do not seriously damage the NHS by drawing off skilled and scarce staff in a particular area. Under the Bill proposals to build 'acute' hospitals (those providing, for example, surgery, obstetrics, radiotherapy, renal dialysis,

diagnostic pathology or diagnostic radiology) with 100 beds or more in Greater London (75 or more elsewhere) would need authorisation from the board before planning permission were sought. The same rule would apply to extensions which brought the number of beds to the specified totals. Authorisation would not be needed for smaller acute hospitals or other developments of any size. There would be a right of appeal against the board's decision on points of law to the High Court (Court of Session in Scotland).

Common Waiting List

Another function of the board would be to make recommendations for common waiting lists for NHS and private patients. This would be done within six months of the Bill becoming law. The aim of the common waiting list would be to eliminate 'queue jumping' by ensuring that patients were admitted to NHS hospitals on the basis of medical priority.

Opposition Views

The Bill was opposed on behalf of the official Opposition by Mr Patrick Jenkin on the grounds that it would damage the NHS and harm its patients. It would also mean an increase in Government expenditure to cover the private patients' fees forgone by the NHS. Mr Jenkin argued that phasing out pay beds would mean losses in doctors' time in travelling between NHS hospitals and private clinics. In addition, some doctors might withdraw from the NHS either to emigrate or to confine themselves to private practice only. Mr Jenkin also opposed the Bill's controls over the development of the private sector on the grounds that they would restrict freedom of choice for people wishing to spend their money on making provision for their health. Mr Jenkin offered a solution to the issue by suggesting that it should be part of the wider consideration of NHS problems which the Government had referred to the Royal Commission on the National Health Service (see p 449, 1975).

The Liberal Party spokesman, Mr David Penhaligon, supported the principle of joint waiting lists and the phasing out of the first 1,000 pay beds but opposed the creation of the Health Services Board on the grounds that it would add to bureaucracy.

FINANCING THE NATIONAL HEALTH SERVICE

A wide-ranging speech concerning the finance of the NHS was delivered to the Association of Health Service Treasurers on 2 April by Dr David Owen, Minister of State at the Department of Health and Social Security.

Dr Owen began by drawing attention to the fact that restraint in public expenditure was necessary to make room for increased investment in manufacturing industry. Given this restraint, the real challenge was to distribute resources more fairly by concentrating them on areas of relative deprivation and social priority.

Turning to the NHS, Dr Owen observed that between 1949 and 1974 the volume of resources used by the NHS had doubled and its share of the gross national product had risen from 4 per cent to 5·3 per cent. In England the number of staff employed by the NHS had risen by 75 per cent. These staff increases were accompanied by greater efficiency within the service.

Dr Owen emphasised that in the period 1949-74 the NHS had had to cope with great changes in medical technology leading to new, and also more costly, demands on it. Between 1967 and 1973 operations on the heart and valves rose by 71 per cent, and all thoracic surgery, known to be very expensive, increased by 29 per cent. The number of heart 'pacemakers' inserted rose fivefold. New techniques often allowed a wider range of patients to be treated and their cost rose dramatically between the 1950s and the mid 1970s – the cost of a head X-ray, for example, increasing by over 13 times. The increased expenditure had, however, achieved its aim and had improved the quality of people's lives. The infant mortality rate was halved between 1949 and 1974 and the maternal mortality rate fell to one-ninth of its former level. Expectation of life at birth rose from 66·3 years to 69·1 years for men and from 71 years to 75·3 years for women.

Dr Owen turned to the problem of financing the National Health Service at a time of restrictions on public expenditure growth. He pointed out that the Government's social expenditure plans (see pp 177-9) allowed for a limited growth in NHS expenditure to cope with the spread of new methods of treatment (and new drugs) and with demographic pressures – notably the increased number of elderly people who are the heaviest users of the health service.

Staffing

The biggest cost of the service was the staff it employed (76 per cent of current expenditure on hospitals and community health services in England in 1974-75). Between 1949 and 1974 the number of hospital doctors in England had risen by 131 per cent, nurses by 106 per cent, and professional and technical workers by 181 per cent. (The home population in England increased by just over 14 per cent from 1949 to 1974.) In the same period total NHS administrative and clerical staff rose by 143 per cent (see also statistics for Great Britain, pp 223-4). Dr Owen explained that much of the growth in administrators was necessary for they relieved medical and nursing staff of clerical duties, brought more managerial skills to the service, provided a personnel service for NHS workers, and guided the hospital building programme. Since, however, the growth in administrative staff was a cause of concern, particularly at a time of economic stringency, the Government was proposing to operate a standstill on the costs of administrative staff from 31 March 1976 and on other administrative costs as soon as possible thereafter.

Dr Owen then discussed ways in which staff could be used more effectively. He pointed out that by July 1975 some 40 per cent of hospital maintenance and ancillary staff were covered by schemes in which pay was related to productivity. While admitting that not all the schemes had shown a genuine increase in productivity, Dr Owen said that many had done so – a scheme for ambulancemen, for instance, had made possible a 40 per cent improvement in the use of crews on non-emergency work.

Capital Expenditure

Savings were also necessary in health capital expenditure. Dr Owen stated that this would level off at £250 million a year in the period 1977-78 to 1979-80. Services needed to be rationalised by cutting out overlapping provisions and closing uneconomic or inessential units. Existing stock needed to be improved or adapted rather than replaced automatically. If a new hospital were necessary, it would need to be planned in smaller but viable phases which could be expanded later when the economy improved. Dr Owen stressed the need for health authorities to concentrate on capital investment which would reduce revenue and manpower demands – for example, primary care (health centres and clinics) and measures which would reduce demand on in-patient hospital services such as the provision of day centres, day wards and rehabilitation units.

Role of Doctors

The final part of Dr Owen's address was devoted to the role of doctors who controlled a very large area of NHS costs. In 1975-76 the average general practitioner controlled resources (including his own time and drugs prescribed) worth £25,000 a year. The average consultant, and his nursing and professional colleagues, controlled resources worth about £250,000 a year. Dr Owen said that many doctors had been able to reduce costs without harming their patients. Lengths of stay in hospital, however, varied from consultant to consultant or from hospital to hospital without apparent harm to patients. There was, therefore, still scope for further savings. Recently, more surgeons had been prepared to treat patients on a day care basis; the number of surgical patients treated on a day care basis increased by 17 per cent between 1972 and 1974, while the number treated on an in-patient basis remained constant.

The spread of group practice among family doctors had also contributed to the better use of resources. Dr Owen said that the NHS had encouraged this development through financial incentives to doctors and by building health centres from which group practice teams worked. Group practice enabled the general practitioner to delegate many of the simpler medical tasks to nurses. In this way expensively trained doctors could concentrate on tasks appropriate to their training.

Dr Owen concluded his speech by saying that clinical freedom was a precious concept which doctors were right to fight for. Its maintenance necessitated 'the involvement of doctors in the process of choice and in the ordering of priorities. Since financial and other resources are not limitless and since the medical need is limitless, someone somewhere will have to choose. It is right for the doctors to demand that the politicians openly acknowledge the limitations within which medical practice has to operate.' Dr Owen added that many doctors had come to grips with their responsibility to reduce costs and free resources for other uses. The challenge for administrators was to involve doctors in such a way that the latter could see for themselves the benefits (from cost cutting) resulting in better services for patients.

THE SCOTTISH HEALTH SERVICE

Government expenditure plans and priorities for the NHS in Scotland over the next four years are set out in a document published in April,[1] and follow publication of the Government's proposals to cut the rate of increase in Government expenditure as a whole (see pp 110-13).

The growth rate for revenue expenditure in the health service will be reduced from 4·5 per cent in 1975-76 to 1·9 per cent in 1976-77. In the years 1977-80 the annual growth will be cut further to about 1·5 per cent. Capital expenditure will be cut from £42 million in 1975-76 to £35 million in 1979-80 (at 1975 prices).

A further consideration is the need to control the number of staff in the health service as salaries and wages account for about three-quarters of the total cost of hospital and community services. In particular, the document says that health authorities should make every effort to achieve economies in administrative costs.

Priorities for health expenditure are similar to those for the NHS in England (see pp 177-9). They involve continued improvements in primary care and community health services and in services for the elderly, the mentally ill, the mentally handicapped and the physically handicapped. In addition, the document says there should be a more positive development of health services for families in areas of multiple deprivation. The growth rate of the acute sector of the hospital service will be cut back. The document also stresses the need to encourage preventive measures and the development of a responsible attitude to health on the part of the individual and the community.

HEALTH AND PERSONAL SOCIAL SERVICES STATISTICS

Statistics on health and social services were published by the Department of Health and Social Security in April.[2] They record considerable increases in the number of staff employed in the NHS between 1966 and 1974. The table below shows the changes in NHS hospital manpower in England, Scotland and Wales.

Hospital Staff	*1966*	*1974*
Medical[3]	22,802	31,473
Dental[3]	687	996
Nursing	276,858	370,220
Midwifery	17,803	21,531
Professional and technical[3]	33,221	45,437
Ancillary	248,062	272,538
Administrative and clerical	43,565	66,174

[1] *The Health Service in Scotland—The Way Ahead.* HMSO Edinburgh, 35p. ISBN 0 11 491409 5.

[2] *Health and Personal Social Services Statistics for England (with summary tables for Great Britain) 1975.* HMSO £3·80 ISBN 0 11 320587 2

[3] Whole-time equivalents.

In the same period the number of family doctors increased from 24,010 to 25,849 and that of dentists from 11,575 to 12,704. The whole-time equivalent home nursing staff rose from 9,146 to 12,793; general nursing staff outside hospital increased from 2,919 to 6,171.

The statistics also contain information about hospitals, dental treatment, medical prescriptions, the ophthalmic services, immunisation, family planning, abortion and the psychiatric services.

Personal Social Services

There are also detailed statistics about personal social services in England provided by local authorities and voluntary organisations.

In 1973-74 residential accommodation was provided for over 118,000 elderly and disabled persons, a rise of 1·5 per cent over the previous year. Some 565,000 people were attended by home helps, an increase of 7·9 per cent. Over 21 million meals were delivered to recipients by the 'meals on wheels' service, an increase of 16·5 per cent.

Improvements are shown in the child care services. On 31 March 1974 nearly 25,000 places were provided in day nurseries, a rise of 3·5 per cent over the previous year. In addition there were about 14,000 registered premises and 30,000 registered child minders providing over 80,000 full day care and over 350,000 sessional day care places, an overall increase of nearly 5 per cent. The figures record over 91,000 children in local authority care on 31 March 1974, a rise of 2·8 per cent over the previous year.

Social services for mentally ill and mentally handicapped people also show a small improvement. On 31 March 1974 there were 102 day centres for the mentally ill with nearly 3,600 places and 193 homes and hostels providing nearly 2,200 places; the increase in day centre places was 5·3 per cent over 1973 and that in homes and hostels was 5·1 per cent. In addition there were 371 adult training centres for the mentally handicapped (with 31,604 places) and 339 homes and hostels (with 6,473 places); the increase in places was 7·2 per cent in adult training centres and 8·6 per cent in homes and hostels.

Social Security

Increases in social security benefits, first announced in the Budget speech (see p 206), were fully outlined in the House of Commons on 7 April by the then Secretary of State for Social Services, Mrs Barbara Castle (*Hansard*, cols 425-40). The increased rates will be payable from the week beginning 15 November 1976.

Long-term benefits such as retirement pensions will go up by 15 per cent. Mrs Castle said that these proposed increases would be larger than the actual and likely movement of earnings and prices from the date of the last increase in November 1975 to November 1976. The increases would maintain the pension for a married couple at about one-half of net average earnings and that for a single person at about one-third of net average earnings.

Short-term benefits such as sickness and unemployment benefit are being increased by 16 per cent. Increases in supplementary benefits for people on low incomes and not in work will also take place; in addition there will be increases in the discretionary allowances for extra heating and for special dietary needs.

Changes are being made in the family income supplement and, unlike the increases in other benefits, will take effect from 5 July 1976. The supplement is paid to families with at least one dependent child where the head of the family is in full-time work and the family's gross income is less than a prescribed amount. The benefit is half the difference between the prescribed amount and the family's gross income. From July the prescribed amount for a one-child family will be £39 and for larger families £39 plus £4·50 for each child after the first. The maximum weekly supplement payable to a one-child family will be £8·50 instead of £7 and this is increased by 50p for each additional child.

The tables on pp 225-27 give full details of the changes. The social security system is described in the COI reference pamphlet, *Social Security in Britain*, R5455.

Table 1 **Main National Insurance Benefit Rates**

	Proposed Weekly Rate	Existing Rate
	£	£
Standard rate of invalidity, widows' and retirement pensions[1] and widowed mothers' allowance:		
Single person	15·30	13·30
Wife or other adult dependant	9·20	7·90
Standard rate of unemployment and sickness benefit:		
Single person	12·90	11·10
Wife or other adult dependant	8·00	6·90
Married woman (normal rate)	9·20	7·80
Widow's allowance (first 26 weeks of widowhood)	21·40	18·60
Maternity allowance	12·90	11·10
Invalidity allowance payable with invalidity pension, when incapacity began before age:		
35	3·20	2·80
45	2·00	1·70
60 for men or 55 for women	1·00	0·85
Attendance allowance:		
Higher rate	12·20	10·60
Lower rate	8·15	7·10
Old persons' pensions[1]:		
Wife	5·60	4·90
Any other person	9·20	7·90
Guardian's allowance	7·45	6·50
Non-contributory invalidity pension	9·20	7·90
Invalid care allowance[2]	9·20	7·90
Increase of non-contributory invalidity pension or invalid care allowance for wife or other adult dependant	5·60	4·90
Child's special allowance; increases for children of widows, invalidity, non-contributory invalidity and retirement pensioners and invalid care allowance beneficiaries:		
First child	7·45	6·50
Any other child[3]	5·95	5·00
Increases for children of all other beneficiaries:		
First child	4·05	3·50
Any other child[3]	2·55	2·00

[1] Where a retirement pensioner is aged 80 or over, 25p is added.
[2] The invalid care allowance (see p 180) is a new benefit. Payments will begin on 5 July at the rate of £7·90 a week. This will be raised to £9·20 in November.
[3] Family allowances (£1·50 per child) are payable for second and subsequent children.

Table 2 **Main Industrial Injuries Benefit Rates**

	Proposed Weekly Rate	Existing Rate
	£	£
Injury benefit[1]	15·65	13·85
Disablement benefit (100 per cent assessment)	25·00	21·80
Unemployability supplement[2]	15·30	13·30
Special hardship allowance (maximum)	10·00	8·72
Constant attendance allowance (normal maximum)	10·00	8·70
Exceptionally severe disablement allowance	10·00	8·70
Industrial death benefit:		
Widow's pension during first 26 weeks of widowhood	21·40	18·60
Widow's pension now payable at £13·85 rate	15·85	13·85
Widow's pension now payable at £3·99 rate	4·59	3·99

[1] Increases for adult dependants and children will be the same as those for unemployment and sickness benefit —See National Insurance table.
[2] Invalidity allowances and increases for adult dependants and children will be the same as those for invalidity pensions—see National Insurance table.

Table 3 **Main War Pension Rates**

	Proposed Weekly Rate	Existing Rate
	£	£
Part I: Disablement Benefits		
Disablement pension for private at 100 per cent rate	25·00	21·80
Unemployability allowances[1]:		
Personal allowance	16·30	14·20
Increase for wife or adult dependant	9·20	7·90
Comforts allowance:		
Higher rate	4·30	3·70
Lower rate	2·15	1·85
Allowance for lower standard of occupation (maximum)	10·00	8·72
Constant attendance allowance:		
Special maximum	20·00	17·40
Normal maximum	10·00	8·70
Age allowance with assessments of:		
40 and 50 per cent	1·80	1·60
Over 50 but not exceeding 70 per cent	2·75	2·40
Over 70 but not exceeding 90 per cent	3·90	3·40
Over 90 per cent	5·50	4·80
Exceptionally severe disablement allowance	10·00	8·70
Severe disablement occupational allowance	5·00	4·40
Clothing allowance:		
Higher (annual rate)	36·00	32·00
Lower (annual rate)	23·00	21·00

	Proposed Weekly Rate	Existing Rate
	£	£
Part II: Death Benefits		
Widow's pension – private's widow:		
Standard rate	19·80	17·20
Childless widow under 40	4·59	3·99
Rent allowance	7·50	6·70
Age allowance for elderly widows:		
Between age 65 and 70	1·95	1·70
Over age 70	3·90	3·40
Widower's pension	19·80	17·20
Widow's children:		
Eldest child	7·65	6·70
Other children without family allowances	7·50	6·55
Other children with family allowances	6·65	5·70
Motherless and fatherless children aged:		
Under 15 } Eldest child or other children with no family allowances	7·65	6·70
Over 15 } Eldest child or other children with no family allowances	9·15	8·20
Under 15 } Other children with family allowances	6·65	5·70
Over 15 } Other children with family allowances	8·15	7·20
Adult orphans	15·30	13·30

[1] Invalidity allowances and increases for children will be the same as those for invalidity pensions—see National Insurance table.

Table 4 **Main Supplementary Benefit Rates**

	Proposed Ordinary Weekly Rate	Proposed Long-term Weekly Rate[1]	Existing Ordinary Weekly Rate	Existing Long-term Weekly Rate[1]
	£	£	£	£
Husband and wife	20·65	24·85	17·75	21·55
Person living alone	12·70	15·70	10·90	13·70
Any other person aged:				
18 or over	10·15	12·60	8·70	11·00
16-17	7·80	—	6·70	—
13-15	6·50	—	5·60	—
11-12	5·35	—	4·60	—
5-10	4·35	—	3·75	—
Under 5	3·60	—	3·10	—
Rates for Blind People				
Husband and wife:				
If one of them is blind	21·90	26·10	19·00	22·80
If both of them are blind	22·70	26·90	19·80	23·60
Any other blind person aged:				
18 or over	13·95	16·95	12·15	14·95
16-17	8·70	—	7·60	—
13-15	6·50	—	5·60	—
11-12	5·35	—	4·60	—
5-10	4·35	—	3·75	—
Under 5	3·60	—	3·10	—

	Proposed Weekly Rate	Existing Weekly Rate
	£	£
Non-householder rent allowance	1·20	1·00
Attendance requirements:		
Higher rate	12·20	10·60
Lower rate	8·15	7·10
Discretionary additions to supplementary benefit:		
Heating additions	0·70	0·55
	1·40	1·10
	2·10	1·65
Dietary additions	0·75	0·60
	1·75	1·35

[1] Where the claimant or a dependant is aged 80 or over, a further 25p is added to these long-term rates.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

United Kingdom Government Ministers. COI, SN5657/76/3.

General Elections in Britain. COI, SN5693.

A Directory of Paid Public Appointments Made by Ministers. HMSO, £1·40. ISBN 0 11 630332 8.

Digest of Statistics. Northern Ireland No 45 March 1976. HMSO Belfast, £1·50. ISBN 0 337 23186 9.

Explosives for Northern Ireland 1971-74. Report by Her Majesty's Inspectors of Explosives on the Working of the Explosives Acts 1875, 1924 and 1970. HMSO Belfast, 35p. ISBN 0 10 230476 9.

Police Authority for Northern Ireland. Statement of Account (including the account of the Royal Ulster Constabulary Fund) for the year ended March 1975, together with the report of the Comptroller and Auditor General. HMSO Belfast, 22p. ISBN 0 10 020705 7.

Bill of Rights. A discussion paper published by the Standing Advisory Commission on Human Rights on the extent to which the content and form of existing legislation provides appropriate protection for human rights in Northern Ireland. HMSO Belfast.

Legal Aid Advisory Committee. Comments and recommendations on the sixth, seventh and eighth reports of the Incorporated Law Society, 1970-71 – 1973-74. HMSO Belfast, 22p. ISBN 0 10 224076 0.

External Affairs and Defence

Exchange of Notes concerning a Grant by the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Bolivia. Cmnd 6443. HMSO, 35p. ISBN 0 10 164430 2.

Economic and Scientific Affairs

Exchange Control. On 22 April certain minor changes were made to British exchange control rules to simplify administration. The changes affect principally immigrants and residents who have acquired securities or properties while working outside Britain and residents who acquired property in the overseas sterling area (OSA) before June 1972 and who hitherto have benefited from the investment currency premium on disposal. British residents who go abroad to take up employment in OSA countries will in future be subject to the same rules as apply to those who go abroad to take up employment elsewhere, other than in European Community countries. In future, foreign currency securities may not be sold with the benefit of the premium if: (i) they were owned by immigrants at the time of taking up residence in Britain if that was after 22 April 1974; or (ii) they were purchased by British residents while working abroad for 3 years or more and who returned to Britain after 22 April 1974; or (iii) they are held by persons living in Britain who enjoy exemption from certain aspects of British exchange control. In general terms the sale proceeds of property held for private use abroad will be eligible for sale with the benefit of the premium if investment currency has been used to finance the purchase of the property. Examples of categories of property which will no longer qualify include: (a) property acquired before 3 September 1939, or before 23 June 1972 if located in the OSA; (b) property acquired when the owner was a non-resident; (c) property acquired from a non-resident by inheritance before 7 April 1965 (property so acquired since that date has not previously qualified). British residents taking up employment abroad are permitted to transfer a settling-in allowance of £750 or up to £5,000 subject to proof of need. Those emigrating to take up employment abroad are subject to the normal emigration allowance (£20,000 for those going to countries in the OSA and £5,000 elsewhere). Concessions previously permitted to those taking up employment in OSA countries to transfer additional amounts have been withdrawn, though they will continue to apply to those taking up employment in countries of the European Community, in order to comply with Britain's obligations. Treasury press notice, 21.4.76.

Public Expenditure. Fourth Report from the Expenditure Committee, session 1975-76, *The White Paper 'Public Expenditure to 1979-80'* (*Cmnd 6393*), (see pp 110-13), 299, HMSO, £1·05. ISBN 0 10 229976 5.

Royal Mint. 104th Report of the Deputy Master and Comptroller 1973-4. During the year 859 million coins were produced comprising 92 denominations

for 33 different countries. British coins totalled 624 million and coins for overseas countries 235 million. A further 115 million coins for overseas customers were produced by sub-contractors working under Royal Mint supervision. HMSO, £2. ISBN 0 11 880339 5.

May Bank Holiday. In a written answer to a question in the House of Commons on 30 March the then Secretary of State for Employment, Mr Michael Foot, said that the Government had decided to institute a May Day bank holiday in 1978 (see also p 3) and also intended to make the necessary additional arrangements to provide a holiday in lieu whenever a bank holiday or other public holiday fell on either a Saturday or a Sunday, with effect from Christmas Day and Boxing Day 1976 and New Year's Day 1977. Consultations on these matters would begin shortly with the Trades Union Congress, the Confederation of British Industry and the banks. Separate consultations would be held in Northern Ireland and Scotland where, by tradition, public holidays are arranged on a local basis and bank holidays are not necessarily observed as general public holidays. *Hansard,* 30.3.76, written answers, cols 442-3.

Manpower and Employment in Britain: Occupations and Conditions of Work. COI, R5997/75.

Employment Protection Act 1975 (see pp 92, 130). In a written answer to a question in the House of Commons on 1 April, the then Minister of State for Employment, Mr Albert Booth, said that a commencement order had been signed, bringing most of the provisions of the Employment Protection Act dealing with rights of individual employees into effect on 1 June 1976; these related to suspension on medical grounds, dismissal because of pregnancy, the right to work after maternity absence, trade union membership and activities, time off to look for work for employees being made redundant, improved remedies for unfair dismissals and improvements in the Redundancy Payments and Contracts of Employment Acts, including the requirements for periods of notice and a written statement of terms of employment. The provisions relating to maternity pay would not be brought into force until 6 April 1977 so that necessary arrangements for setting up the maternity pay fund and calculating the appropriate level of contributions could be made. *Hansard,* 1.4.76, written answers, col 547.

Employment Appeal Tribunal. The Employment Appeal Tribunal, set up under the Employment Protection Act 1975 (see pp 92, 130) was formally opened on 31 March. Its central office is at 4 St James's Square, London SW1. Lord Chancellor's Office press notice, 10.3.76.

Royal Commission on the Distribution of Income and Wealth. Background Paper No 1. The Financing of Quoted Companies in the United Kingdom. By Geoffrey Meeks and Geoffrey Whittington. Background Paper to Report No 2: Income from Companies and its Distribution (see pp 322-6, 1975). HMSO, £1·10. ISBN 0 11 730068 3.

Price Commission. Report for the period 1 December 1975 to 29 February 1976. The report says that the increase in the commission's own price index – based on price notifications received – during the 12 months to February 1976 was 15·9 per cent, significantly lower than the 20·4 per cent for the 12 months to November 1975 and the lowest annual increase since August 1974. The percentage increase over six-month periods in the same index fell from a peak of 13·1 per cent in June 1975 to 7·5 per cent in January 1976. The big increase in oil prices in November 1975, which slowed down the fall in the rate of inflation, now seems to have been absorbed and the underlying improvement continues. HMSO, £1. ISBN 0 10 231476 4.

New Earnings Survey 1975. Part F. Hours. Earnings by length of service. Earnings of part-time workers. Department of Employment (see also p 496, 1975 and pp 44-5, 93, 130, 188). HMSO, 80p. ISBN 0 11 723801 5.

Inflation Accounting. The Government Statistical Service has published a booklet of price index numbers for companies and others wishing to experiment with the system of current cost accounting proposed in the Sandilands Report (see pp 351-2, 1975). *Price Index Numbers for Current Cost Accounting.* HMSO, £1·50. ISBN 0 11 630148 1.

The City Code on Take-overs and Mergers. Revised edition, issued on the authority of the City Working Party (set up by the Governor of the Bank of England in 1959 to consider good business practice in the conduct of take-overs and mergers). Copies of the code may be obtained from The Secretary, Issuing Houses Association, Roman Wall House, 1-2 Crutched Friars, London EC3N 2NJ.

Office of Fair Trading – The Second Report 1975. In the first part of the report the Director General of Fair Trading makes a number of general observations on the work of the Office and emphasises the importance of securing improvements by negotiation and voluntary means whenever possible. The second part draws attention to the more significant events in 1975, including the review of various consumer trade practices, the review of the Trade Descriptions Act 1968, voluntary schemes and codes of practice, activities under the Consumer Credit Act 1974 and work on monopolies, mergers and restrictive trade practices. Part three describes the activities of the separate divisions of the Office and parts four and five report on the work of the Monopolies and Mergers Commission and of the Consumer Protection Advisory Committee respectively. HMSO, £1·20. ISBN 0 10 228876 3.

European Economic Community Regional Development Fund. The European Commission announced on 29 April a further allocation of money from the Community Regional Development Fund to the United Kingdom. Some £17·6 million is to be given towards the cost of 262 projects. This is the second allocation from the fund towards Britain's share for 1976 of about £58 million (see p 94). This brings the total allocated to the United Kingdom during

1976 to £20·6 million and since the inception of the fund in 1975 to £56·5 million. Department of Industry press notice, 29.4.76.

Incentives for Industry in the Areas of Expansion. Contains information on incentives the Government provides to help firms set up or expand in the areas for expansion. Available free from the Department of Industry, 1 Victoria Street, London SW1H 0ET.

Industrial Development Certificates. Mr Eric Varley, Secretary of State for Industry, announced that he has increased the limits above which industrial development certificates are required in the non-assisted areas of Great Britain. Projects up to 12,500 square feet (1,160 square metres) in the South East Planning Region and 15,000 square feet (1,400 square metres), in the rest of the non-assisted areas have been freed from the need to obtain an industrial development certificate. An Order to give effect to these new limits took effect on 1 May. Department of Industry press notice, 8.4.76.

Office Location Review. Mr John Silkin, the Minister for Planning and Local Government, has announced that the exemption limit for office development permits in the South East control area is to be raised from 10,000 square feet (930 square metres) to 15,000 square feet (1,400 square metres) following a review of office location policy. Mr Silkin also said that the control would still be strictly applied to larger developments and that applicants for permits would need to show that a move to an assisted area was not practicable. He said that consideration was being given to the review's suggestion that the Location of Offices Bureau, which promotes decentralisation of office work from central London, should be given a wider role. Department of the Environment press notice, 12.4.76.

British Steel Corporation. Annual statistics for the corporation 1975. Available from British Steel Corporation, Statistical Services, 12 Addiscombe Road, Croydon CR9 3JH.

Fifth International Tin Agreement. Cmnd. 6424. HMSO, 65p. ISBN 0 10 164240 7.

International Cocoa Agreement 1975. Cmnd 6448. HMSO, 65p. ISBN 0 10 164480 9.

Agriculture in Scotland. Report for 1975. Cmnd 6442. HMSO, £1·15. ISBN 0 10 164220 2.

Wave Power. A national research and development programme on obtaining energy from sea waves is being initiated as a result of a recommendation from the Department of Energy's Advisory Council on Research and Development. The first stage, lasting two years and costing about £1 million, is intended to establish the feasibility of the large-scale extraction of power from sea waves. *Hansard*, 29.4.76, written answers, cols 150-1.

Selby Coalfield. The Secretary of State for the Environment has granted planning permission for coalmining under an area of 110 square miles (285 square kilometres) near Selby (North Yorkshire), subject to certain conditions designed to protect the environment. The Selby field is the biggest single development in the industry's 'Plan for Coal' (see pp 278-9, 1974). Department of the Environment press notice, 1.4.76.

Road Safety. COI, SN5870.

Chlorofluorocarbons and their effect on Stratospheric Ozone. This report by the Department of the Environment concludes that scientifically the hypotheses that have been put forward on the possible effects of chlorofluorocarbons 11 and 12 (widely used as propellants in aerosols, as refrigerants and as foaming agents) in catalysing the destruction of the stratospheric ozone layer, are plausible. Limited studies suggest that if the 1973 rate of usage is continued, a maximum depletion of about 8 per cent in the ozone layer will occur in about 100 years' time – equivalent to the increase in exposure incurred by a person coming from northern England to the south coast of England. Reduction of the ozone layer might lead to an increase in the incidence of sunburn and skin cancer. Pending further investigation manufacturers are being asked to intensify research into alternatives and to minimise unintentional emissions from industrial equipment. Central Unit on Environmental Pollution. Pollution Paper No 5. HMSO, £1. ISBN 0 11 751021 1.

Common Research and Development Policy: Objectives, Priorities and Resources. Bulletin of the European Communities. Supplement 4/76 Commission of the European Communities. HMSO, 30p. ISBN 0 11 935390 3.

The Promotion of the Sciences in Britain. COI, R5624.

Radio Astronomy. COI, NST10.

Electronic Computers and Data Processing. COI, NST30.

The Balancing of Interests between Water Protection and Waste Disposal. Department of the Environment Circular, 39/76; Welsh Office Circular, 53/76. HMSO, 20p. ISBN 0 11 751047 5.

Social and Cultural Affairs

Future World Trends. Discussion paper on long-term world trends in population, economic growth, resources and environmental pollution and their implications for Britain, prepared by an inter-departmental committee set up by the Cabinet Office. HMSO, 60p. ISBN 0 11 630147 3.

Census 1971: Great Britain. Economic Activity Part V (10 per cent sample). Provides statistics of the economically active male population (aged 15 and over) at the date of the census, analysis by area of usual residence and socio-economic class.

Figures are given for Great Britain, England and Wales, Scotland, conurbations, counties and local authority areas. HMSO, £5·70. ISBN 0 11 690193 4.

The Legal Systems of Britain. COI, R6000.

Report to the Secretary of State for the Home Department of the Departmental Committee on Evidence of Identification in Criminal Cases. The committee, under the chairmanship of Lord Devlin, recommends that only in exceptional circumstances should a person be convicted on the basis of identification evidence unsupported by other substantial evidence. Identification parades, regulated by a statutory code, should normally be held in preference to other methods of identification. HMSO, £2·45. ISBN 0 10 233876 0.

The Effectiveness of Sentencing: A Review of the Literature. Home Office Research Study No 35. HMSO, £1·15. ISBN 0 11 340675 4.

Report on Liability for Damage or Injury to Trespassers and Related Questions of Occupiers' Liability. Law Commission report number 75. Cmnd 6428. HMSO, 65p. ISBN 0 10 164280 6.

Social Services in Britain. COI, R5595.

Children in Britain. COI, R5236.

Smoking and Health in Britain. COI, SN5987.

An Outline of Planning in the United Kingdom. Shortened version of the full United Kingdom national report to the UN Conference on Human Settlements (see p 190). HMSO, £2. ISBN 0 11 750902 7.

Britain and the United Nations Conference on Human Settlements. COI, Factel No 665.

Housing Services Adviser. The Secretary of State for the Environment announced the appointment of a Housing Services Adviser to assist the Department of the Environment in determining the organisation and working arrangements of a professional housing advisory unit and to become head of the unit (see p 383, 1975). The new unit will formulate good professional practice within housing organisations and advise the department on matters relating to housing policy. *Hansard* 2.4.76, written answers, col 591.

Hostels and Lodgings for Single People. A survey of hostels and lodging houses in Great Britain, carried out in 1972 by the Social Survey Division of the Office of Population Censuses and Surveys on behalf of the Department of Health and Social Security. HMSO, £6·50. ISBN 0 11 700811 7.

Historic Buildings Council for England. Twenty-first report, 1 April 1973–31 March 1975. HMSO, 50p. ISBN 0 10 231676 7.

Nature Conservancy Council. Five new national nature reserves, and an adjustment to an existing one, were declared on 4 May, bringing the total of such reserves to 151, covering an area of 296,242 acres (119,884 hectares). (For further information on the work of the Nature Conservancy Council see p 452, 1975). Nature Conservancy Council press notice, 4.5.76.

Sport for All Week. A national Sport for All Week from 12 to 18 September 1976 will be launched by the Duke of Edinburgh. During the week more than 60 national governing bodies of individual sports and hundreds of sports clubs will stage events and displays designed to stress the importance of sport and the need for sustained investment in facilities. Sports Council press notice, 22.4.76.

Regional Councils for Sport and Recreation are to be established in place of the existing Regional Sports Councils. The new councils (proposed in the White Paper, *Sport and Recreation*, see p 379, 1975) will be autonomous bodies with consultative and advisory roles on sport and outdoor recreation in their regions. In particular they will be responsible for developing regional recreational strategies to serve as a framework for development plans. *Hansard*, 14.4.76, written answers, cols 565-7.

Report of the Gaming Board for Great Britain 1975. HMSO, 65p. ISBN 0 10 223776 X.

Broadcasting. COI, FSB/E1.

National Theatre. COI, SN6005.

The World of Islam Festival. Factel No 663.

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